

**立法會**  
***Legislative Council***

LC Paper No. CB(1)1212/14-15  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/DEV

**Panel on Development**

**Minutes of meeting**  
**held on Tuesday, 26 May 2015, at 2:30 pm**  
**in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon Tony TSE Wai-chuen, BBS (Chairman)  
Hon James TO Kun-sun  
Hon CHAN Kam-lam, SBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Cyd HO Sau-lan, JP  
Hon CHAN Hak-kan, JP  
Hon CHAN Kin-por, BBS, JP  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Albert CHAN Wai-yip  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing  
Hon Gary FAN Kwok-wai  
Hon CHAN Chi-chuen  
Dr Hon Kenneth CHAN Ka-lok  
Hon CHAN Yuen-han, SBS, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon Elizabeth QUAT, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

**Members attending** : Dr Hon Helena WONG Pik-wan  
Dr Hon CHIANG Lai-wan, JP

**Members absent** : Dr Hon LAU Wong-fat, GBM, GBS, JP  
(Deputy Chairman)  
Hon CHAN Han-pan, JP  
Dr Hon Fernando CHEUNG Chiu-hung

**Public officers attending** : **Agenda item IV**

Ms Winnie HO Wing-yin  
Deputy Head of Energizing Kowloon East Office  
Development Bureau

Mr Stephen TANG Man-bun, JP  
Deputy Director of Architectural Services

Miss Deborah AU Suk-han  
Departmental Secretary  
Architectural Services Department

**Agenda item V**

Mr HON Chi-keung, JP  
Permanent Secretary for Development (Works)  
Development Bureau

Mr Dominic CHOW Wing-hang  
Principal Assistant Secretary (Works)1  
Development Bureau

**Agenda item VI**

Mr Paul CHAN Mo-po, MH, JP  
Secretary for Development

Mr Rex CHANG Wai-yuen, JP  
Deputy Secretary for Development (Planning and Lands)2  
Development Bureau

Ms Winnie SO Chui-ying  
Principal Assistant Secretary (Planning and Lands)<sup>4</sup>  
Development Bureau

Ms Winnie YEUNG Su-jung  
Acting Principal Assistant Secretary (Housing and  
Establishment)  
Civil Service Bureau

Ms Karen CHAN Pui-yee  
Assistant Director (Valuation)  
Lands Department

Ms Karen HO Ka-yi  
Senior Estate Surveyor (Valuation)<sup>4</sup>  
Lands Department

**Attendance by  
Invitation : Agenda item V**

Ir Dr Derrick PANG Yat-bond  
Chairman of Construction Industry Training Board  
Construction Industry Council

Ir Alex LEUNG Wai-hung  
Director -- Training & Development  
Construction Industry Council

**Agenda item VI**

Mr WONG Kit-loong  
Chief Executive Officer and Executive Director  
Hong Kong Housing Society

**Clerk in attendance : Ms Sharon CHUNG**  
Chief Council Secretary (1)<sup>2</sup>

**Staff in attendance : Mr Fred PANG**  
Senior Council Secretary (1)<sup>2</sup>

Mr Raymond CHOW  
Senior Council Secretary (1)6

Ms Christina SHIU  
Legislative Assistant (1)2

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Action

**I Confirmation of minutes**

(LC Paper No. CB(1)852/14-15 -- Minutes of meeting on  
24 February 2015)

The minutes of the regular meeting on 24 February 2015 were confirmed.

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

(LC Paper No. CB(1)846/14-15(01) -- Administration's response to the letter from Hon James TO and Hon Emily LAU dated 31 March 2015 on the resignation of Managing Director of the Urban Renewal Authority (LC Paper No. CB(1)698/14-15(01))

LC Paper No. CB(1)865/14-15(01) -- Letter from the Chairman of the Wan Chai District Council dated 13 May 2015 on control of unauthorized signboards

LC Paper No. CB(1)874/14-15(01) -- Issue raised at the meeting between Legislative Council Members and Southern District Council members on 7 May 2015 relating to a proposal to rezone the site of the Hong Kong Police College at Wong Chuk Hang for residential use)

2. Members noted that the above information papers had been issued since the last meeting.

### **III Items for discussion at the next meeting**

(LC Paper No. CB(1)860/14-15(01) -- List of outstanding items for discussion

LC Paper No. CB(1)860/14-15(02) -- List of follow-up actions)

3. Members agreed that the next regular meeting scheduled for Tuesday, 23 June 2015, at 2:30 pm would be extended to end at 5:45 pm to discuss the following items proposed by the Administration --

- (a) PWP Item No. 259RS -- Cycle tracks connecting North West New Territories with North East New Territories -- Tuen Mun to Sheung Shui section (Remaining);
- (b) Work of the Urban Renewal Authority; and
- (c) Progress report on heritage conservation initiatives.

*(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, the discussion on the item "PWP Item No. 259RS -- Cycle tracks connecting North West New Territories with North East New Territories -- Tuen Mun to Sheung Shui section (Remaining)" has been deferred to the regular meeting on 22 July 2015, and an item "Hung Shui Kiu New Development Area Planning and Engineering Study -- Recommended Outline Development Plan and Stage 3 Community Engagement" has been included for discussion at the meeting on 23 June 2015. Members were informed of the above arrangements on 16 June 2015 vide LC Paper No. CB(1)987/14-15.)*

### **IV Regrading of multi-disciplinary directorate posts in the Architectural Services Department**

(LC Paper No. CB(1)860/14-15(03) -- Administration's paper on conversion and regrading of multi-disciplinary directorate posts in Architectural Services Department)

4. Deputy Head of Energizing Kowloon East Office, Development Bureau ("DH/EKEO/DEVB") briefed members on the Administration's proposal to convert and regrade seven multi-disciplinary ("MD") Chief Architect (D1) posts in the Architectural Services Department ("ArchSD") to designated grade (i.e. single disciplinary) posts ("the proposal"). The details of the proposal were given in the Administration's paper (LC Paper No. CB(1)860/14-15(03)).

#### Justification for the proposal

5. Mr Albert CHAN expressed concern on whether the proposal was tailor-made for specific staff members of the relevant government department. He enquired how the Administration had come up with the proposal and whether the proposed changes had been made based on an internal review conducted by ArchSD.

6. DH/EKEO/DEVB replied that the proposed conversion of MD posts to designated grade posts and the regrading proposals were aimed at meeting operational needs and enhancing the management efficiency of ArchSD.

7. Deputy Director of Architectural Services ("DD/ArchS") supplemented that the seven posts under the proposal would proportionally be evenly distributed among the relevant professional disciplines in ArchSD. The proposal was in line with the Administration's long-term plan to convert or regrade existing MD posts to single-disciplinary posts in government departments. Under the existing MD post filling mechanism, individual post incumbent had to be posted out of the MD post after he/she had served in the post for a normal tour of three years and the parent grade was required to reserve a vacancy to cater for the officer's return unless the officer would immediately proceed on retirement upon completion of the tour. This arrangement might pose constraints and uncertainty in staff deployment under certain circumstances, and compromise the effectiveness of staff planning and development by respective heads of the eligible grades.

8. Ir Dr LO Wai-kwok said that he was supportive of the proposal to convert and regrade the seven MD posts in ArchSD to designated grade posts. He opined that in determining the distribution of these posts among the relevant disciplines, the Administration should take into account the actual operational needs of the department. Noting that the changes involved in the proposal were related to directorate posts, Ir Dr LO was concerned about the adequacy of professional manpower resources at the non-directorate level in the department. He enquired whether and when the Administration had conducted a review on the matter. The Chairman asked

whether the proposal would affect the promotion prospect and succession planning of officers of the relevant professional grades.

9. Departmental Secretary, Architectural Services Department ("DS/ArchSD") replied that the proposal would not affect the promotion prospect of officers of the relevant professional grades. She advised that ArchSD examined the adequacy of its staffing resources on an annual basis in order to find out whether there was a need to bid for manpower resources in the resource allocation exercise. New manpower resources would be allocated to different grades and ranks according to priorities and depending on available resources. DD/ArchS advised that the proposal would help provide a clearer and more structured career path for aspiring officers in ArchSD, and would not cause any impact on the existing manpower resources and workload of the department at the non-directorate level.

#### Consultation on the proposal

10. The Chairman referred to paragraph 27 of the Administration's paper, which stated that the relevant staff had been consulted on the proposal. He enquired about the details on how the consultation had been conducted and the staff associations that had been consulted.

11. DS/ArchSD said that the Administration had consulted members of all the professional grades in ArchSD. The consultation paper setting out the proposal had been issued to the staff side. The management side of the department had consulted its Departmental Consultative Committee on the proposal and had invited the relevant professional grades associations to send representatives to attend briefing on the proposed changes. As regards the professions affected by the proposal but were not under the central authority of the Director of Architectural Services, the relevant heads of grades, i.e. Permanent Secretary for Development (Works) in respect of the Landscape Architect grade and Director of Electrical and Mechanical Services regarding the Building Services Engineer grade, had been consulted. She advised that the staff and respective heads of grades concerned in general supported the proposal.

#### Submission of the proposal to the Establishment Subcommittee

12. Concluding the discussion, the Chairman said members agreed that the proposal be submitted to the Establishment Subcommittee for consideration.

**V New measures for the training of skilled workers for the construction industry**

(LC Paper No. CB(1)860/14-15(04) -- Administration's paper on new measures for the training of skilled workers for the construction industry

LC Paper No. CB(1)860/14-15(05) -- Paper on construction manpower in Hong Kong prepared by the Legislative Council Secretariat (Updated background brief))

13. At the invitation of the Chairman, Permanent Secretary for Development (Works), Development Bureau ("PS/DEV(W)") briefed the Panel on the proposal to create a commitment of \$100 million to support the Construction Industry Council ("CIC") in launching new measures under a pilot scheme for training semi-skilled construction workers to become skilled workers ("the Pilot Scheme"). The new measures included the provision of collaborative training with contractors and sub-contractors to provide on-the-job training to recently graduated semi-skilled workers on site and the provision of skills enhancement courses by labour unions for in-service workers. The Pilot Scheme would provide a total of about 1 000 training quota. The details of the proposal were given in the Administration's paper (LC Paper No. CB(1)860/14-15(04)).

14. The Chairman reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP") of the Legislative Council ("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.

Development and design of the training courses

15. Miss CHAN Yuen-han declared that she was a member of the Hong Kong Federation of Trade Unions. She expressed support for the proposal to launch a Pilot Scheme for training semi-skilled workers to become skilled workers. However, she questioned how the training courses to be developed by CIC could meet the needs and expectations of the employers and workers in the industry. She opined that representatives from the construction industry, labour unions, trade associations and training professionals, should form a working group and work together to design the relevant training courses for construction workers. Miss Alice MAK shared Miss CHAN's concern and asked if CIC had any plan to enhance its communication with



the industry stakeholders, in particular the labour unions, so as to ensure that the training courses could meet the actual needs of the industry and were attractive to construction workers in terms of contents, duration of the courses and training allowances.

16. PS/DEV(W) explained that the on-site on-the-job training would be conducted during working hours. The skill enhancement courses would be provided by labour unions, which might consider arranging the courses to be taught during non-working hours or the weekend.

17. Chairman of Construction Industry Training Board, CIC said that CIC had consulted relevant labour unions, trade associations, contractors and sub-contractors in the past few months and solicited their views on the design of the training courses. Owing to the nature of the knowledge and skills required for skilled workers, on-the-job training was considered the most suitable approach for developing their skills towards a full-fledged level. He emphasized that the organization of the proposed training courses involved not only CIC, but also contractors, sub-contractors and labour unions.

18. PS/DEV(W) supplemented that in addition to employers from the construction industry, CIC was represented by workers, professionals, academics, contractors, independent persons and government officials. CIC had gained lots of experience over the past few years in providing training for construction workers to bring them to semi-skilled level. Having regard to the keen demand for skilled-workers, CIC planned to launch new measures for training semi-skilled workers to become skilled-workers. Under the proposed collaborative training mode, CIC would collaborate with contractors and sub-contractors to provide on-the-job training to the existing semi-skilled workers. With regard to the skills enhancement courses, PS/DEV(W) advised that the detailed arrangements, including the contents and durations, had yet to be finalized and CIC would further consult industry stakeholders in this regard.

#### Provision and allocation of funds

19. Ir Dr LO Wai-kwok expressed support for the implementation of the Pilot Scheme and the funding proposal. Referring to the training initiatives taken by CIC in recent years, he asked why the revised training quota and/or the achievement rates of the Enhanced Construction Supervisor/Technician Training Scheme ("ECSTS"), the senior worker management course, the skills enhancement courses and specified training courses were much lower than the original training quota. Ir Dr LO also sought explanation on why the

government subsidy provided for fees of trade tests had been reduced from \$3 million to \$2 million but the relevant quota had been increased from 6 000 to 9 650.

20. PS/DEV(W) and Director - Training and Development, CIC ("D-T&D/CIC") explained that in order to attract new entrants and to enhance training and trade testing for prospective fresh blood, the training quota of individual courses had been revised such that more funds could be allocated to the Enhanced Construction Manpower Training Scheme ("ECMTS") for training semi-skilled workers. D-T&D/CIC added that the result of ECMTS was good, with 6 900 trainees graduated so far, which exceeded the original target of 6 000. The training quota of ECSTS remained the same, whereas the quota for training senior workers had been reduced due to the strong demand for senior workers, making it difficult for the in-service senior workers to spare time to attend enhancement courses. In response to Ir Dr LO's enquiry on the subsidy for fees of trade tests, D-T&D/CIC replied that owing to enhanced efficiency in operating the trade tests, the quota of workers receiving the subsidy had increased significantly.

21. Mr LEUNG Kwok-hung enquired about the grounds for allocating \$100 million to CIC to implement the Pilot Scheme. He also questioned why the funds were not to be provided directly to the construction workers as training allowances.

22. PS/DEV(W) advised that one of the functions of CIC was to provide training courses for the construction industry. CIC had been collecting levy from the construction industry to fund the training courses that it organized. CIC had budgeted with \$217 million for the Pilot Scheme. The Administration would fund part of the budget (with \$100 million) to cover the training allowances for workers and training subsidy to employers, while CIC would fund the other costs and the outstanding balance for the training allowances/subsidy.

23. In response to the Chairman's enquiry on the role of CIC under the Pilot Scheme, D-T&D/CIC replied that CIC would collaborate with contractors and sub-contractors to provide on-the-job training to semi-skilled workers on site. The role of CIC was administrative in nature and it would help ensure that the training syllabuses would be comprehensive and the trainees would be equipped with a wide range of skills of his trade after completing the courses. He added that, by taking structured collaborative training, semi-skilled workers could be trained up to be skilled workers within one to two years. Without structured training, it usually took three to four years for semi-skilled workers to nurture their

skills through working at construction sites to become skilled workers. D-T&D/CIC further advised that CIC would also provide training subsidy to the participating employers to subsidize employer's training costs associated with administration, lower productivity of the trainee, wastage in materials, tools, equipment, etc. On the other hand, to protect the livelihood of the trainees, the participating employers would be required to pay a minimum monthly salary to the trainees.

#### Attractiveness of the construction industry to young people

24. Mr Albert CHAN said that the salaries for new entrants to the construction industry were relative low during the training period. Moreover, the nature of jobs in the construction industry and the working conditions at construction sites were not attractive. He questioned about the effectiveness of the proposed measures in attracting the younger generation to join the construction industry. He also commented that the registration system for construction workers, which required them to make separate registrations with regard to particular trades and skills, was complicated.

25. PS/DEV(W) explained that the participating employers were required to pay the trainees a minimum monthly salary of about \$15,000 to \$24,500 per month for the first year, and about \$16,500 to \$26,500 per month for the second year of the on-the-job training, which was a very competitive offer. He added that the requirement of "Designated Workers for Designated Skills" under the Construction Workers Registration Ordinance (Cap. 583) would actually help build up the image and hence raise the status of construction workers by statutorily recognizing their skill levels.

#### Manpower planning for the construction industry

26. Miss CHAN Yuen-han and Mr WU Chi-wai expressed concern on whether there would be sufficient construction works projects for the increased number of construction workers in future. Miss CHAN questioned how the Administration would ensure that the trainees would be equipped with multi-skills, including language and communication skills, and could secure jobs in the construction industry after completing the on-the-job training and/or skills enhancement courses. Referring to the forecast made by CIC which indicated that there would be a shortage of about 10 000 to 15 000 skilled workers in the construction industry in the coming few years, Mr WU questioned whether such an estimation was reliable. He said there were comments in the construction industry that the relatively small number of funding proposals on capital works projects endorsed/approved by the Public Works Subcommittee/Finance Committee during the current

legislative session would make construction workers suffer from unemployment or underemployment.

27. PS/DEV(W) advised that the estimated shortage of about 10 000 to 15 000 skilled workers forecast by CIC had taken into account factors like the workload and manpower requirement of the construction industry in the coming few years, covering both public and private construction projects. He opined that the fluctuation in the number and expenditure of capital works projects would only have a short-term effect on the manpower demand of the construction industry.

28. Mr WU Chi-wai expressed concern about the aging problem faced by the construction industry and asked if the problem was caused by the small number of new entrants joining the construction industry, in particular those from the younger generation. PS/DEV(W) advised that the average age of all the registered construction workers in 2014 was 47. The Chairman asked if the average age of 47 was acceptable considering that construction works were physically demanding.

29. PS/DEV(W) said that a number of factors contributed to the aging problem in the construction industry, namely the aging population of Hong Kong, the low birth rate and the limited number of young people joining the construction industry in previous years. To attract the younger generation to join the construction industry, the Administration had collaborated with CIC to step up promotion and publicity work with a view to projecting a positive image of the construction industry. According to the latest image tracking survey, the percentage of young people who were willing to join the industry had increased from 8% to 26%. It was also observed that the average age of the newly registered construction workers in 2014 was 38 (versus 47 for all registered construction workers).

30. Noting that there would be an estimated shortage of about 10 000 to 15 000 skilled workers in the coming few years and the training quota under the Pilot Scheme was only 1 000, the Chairman questioned whether the new measures would be able to ensure adequate manpower supply to support the implementation of construction projects in Hong Kong in the coming years. He also enquired how the Administration could ensure that the trainees would stay in the construction industry after completing the training courses. He showed special concern on whether the participating contractors and sub-contractors were willing to employ the trainees after they completed the courses, given that no government subsidy would be provided thereafter. He sought information from the Administration on whether there was any plan to upgrade the professional skills and capabilities of the construction

workers to cope with the future development of the construction industry such as the wider use of prefabricated components as a result of technological advancement.

31. PS/DEV(W) replied that construction works contractors and sub-contractors were competing for skilled workers in the market to meet the manpower demand. He held the view that the skilled workers would be fully absorbed by the industry after completing the proposed training courses. He expected that the 1 000 training quota would be fully utilized in about two years. In due course, the Administration and CIC would review the effectiveness of the Pilot Scheme and consider the way forward, taking into account the actual experience gained from the implementation of the Scheme. The Administration would consider providing training to upgrade the professional skills and capabilities of construction workers to cater for the needs arising from technological development in the industry.

#### Submission of the funding proposal to the Finance Committee

32. Concluding the discussion, the Chairman said that the Panel supported the Administration's proposal to seek the Finance Committee's approval to create a commitment of \$100 million to strengthen CIC's work in training skilled workers.

*(As the proceeding of the meeting was well ahead of schedule and the public officers for the next discussion item had not yet arrived, the Chairman ordered that the meeting be suspended for 20 minutes.)*

*(The meeting resumed at 4:05 pm.)*

## **VI Facilitating the redevelopment of buildings under the Civil Servants' Co-operative Building Society Scheme**

(LC Paper No. CB(1)860/14-15(06) -- Administration's paper on facilitating the redevelopment of buildings under the Civil Servants' Co-operative Building Societies Scheme

LC Paper No. CB(1)860/14-15(07) -- Paper on Civil Servants' Co-operative Building Society Scheme prepared by the Legislative Council Secretariat (Updated background brief))

Other relevant papers

(LC Paper No. CB(1)882/14-15(01) -- Submission from The Splendid Co-operative Building Society Ltd. dated 21 May 2015

LC Paper No. CB(1)882/14-15(02) -- Submission from GBHS Lung Cheung Court residents on Government Built Housing Schemes dated 22 May 2015)

33. Members noted the above submissions from concerned organizations.

34. The Secretary for Development ("SDEV") highlighted the background and findings of the Administration's study on facilitating the redevelopment of buildings under the Civil Servants' Co-operative Building Societies ("CBS") Scheme, the Administration's preliminary proposals on the subject and the major considerations underlying the proposals.

*(Post-meeting note: A soft copy of the SDEV's speaking note which had been tabled at the meeting was circulated to members by email vide LC Paper No. CB(1)899/14-15(01) on 28 May 2015.)*

35. With the aid of a powerpoint presentation, Deputy Secretary for Development (Planning and Lands)<sup>2</sup> ("DS/DEV/P&L(2)") briefed members on the details of the Administration's preliminary proposals, including (a) the launch of a pilot scheme to facilitate the redevelopment of CBS buildings by the Hong Kong Housing Society ("HKHS") ("the proposed Pilot Scheme"); (b) inviting the Urban Renewal Authority ("URA") to designate a queue for applications from CBS flat owners for the services under the URA's Facilitating Services (Pilot Scheme); and (c) consolidating the existing procedures of the Lands Department ("LandsD") to facilitate the assessment of land premium involved in the redevelopment of CBS buildings.

*(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)897/14-15(01) by email on 27 May 2015.)*

The requirement for one hundred percent owners' participation in a redevelopment project under the proposed Pilot Scheme

36. The Panel noted that one of the requirements under the proposed Pilot Scheme was that, to redevelop a CBS site, the applicant CBS flat owners must secure 100% owners' participation from the CBS within a reasonable period of time. Miss Alice MAK opined that it would be difficult for CBSs to meet such a threshold. She cast doubt on the number of CBSs which could obtain the consent of 100% owners to participate in the scheme. Dr CHIANG Lai-wan, Mr LEUNG Che-cheung, Mr Frederick FUNG, Dr Helena WONG and Miss CHAN Yuen-han expressed a similar concern. They opined that it would be difficult for CBS members who wished to sell their flats for redevelopment under the scheme to secure the proposed participation threshold. The interested owners would not be able to proceed with the redevelopment if there were one or more missing, untraceable or objecting owners. Miss CHAN Yuen-han urged the Administration to remove the deadlock under the proposed participation threshold.

37. Mr WONG Kit-loong, Chief Executive Officer and Executive Director, Hong Kong Housing Society ("CEO&ED/HKHS") replied that since the proposed Pilot Scheme was meant to respond to some CBS flat owners' wish to have their buildings redeveloped, it was reasonable that HKHS should only come on board to redevelop a CBS building where all the owners had a desire to proceed with redevelopment.

38. The Chairman said that under the existing arrangements, URA might seek approval for land resumption for a redevelopment project it launched if 80% of the owners of the land lots affected had accepted its acquisition offers, while the application threshold for compulsory sale under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) ("the Ordinance") was acquisition of 80% or more of the undivided shares of the subject land lots by the majority owners. He queried why the threshold adopted under the proposed Pilot Scheme was as high as 100%. Mr LEUNG Che-cheung and Dr Helena WONG raised similar queries and considered that CBS flat owners would stand a higher chance of redevelopment if the threshold could be lowered, say, to 80%.

39. DS/DEV/P&L(2) advised that if HKHS was to take on applications with less than 100% owners' participation under the proposed Pilot Scheme, say 80% to 90%, HKHS might have to apply for compulsory sale to the Lands Tribunal. Under the Ordinance, the Lands Tribunal would determine if it was satisfied that the redevelopment of a lot was justified due to the age or state of repair of the existing development on the lot before deciding

whether to grant a compulsory sale order. Compared with other old and dilapidated buildings, CBS buildings were generally better kept. Hence, compulsory sale orders for these buildings might not be granted by the Lands Tribunal. The 11 successful cases of redevelopment of CBS buildings in the past where the developers concerned had acquired 100% of the property interests showed that obtaining unanimous owners' consent for redevelopment was not unprecedented.

40. Dr Helena WONG said that the 11 cases in which CBS buildings had been successfully redeveloped by private developers were only a small number compared with the total number of 238 CBSs. She remained of the view that the proposed requirement for the applicant CBS flat owners to secure 100% owners' participation would be an obstacle to redeveloping CBS buildings. The Chairman and Miss CHAN Yuen-han opined that the Administration and HKHS should adopt a flexible approach in handling those cases where CBS flat owners had practical difficulties in meeting the proposed threshold.

41. CEO&ED/HKHS responded that HKHS would further study the proposed threshold requirements under the proposed Pilot Scheme in light of members' views. He explained that as the conditions of CBS buildings were relatively good, if HKHS was to take on applications without 100% owners' participation, HKHS would have to bear the risk of failing to obtain compulsory sale orders from the Lands Tribunal under the Ordinance at the end, or having to pay much higher prices in order to acquire the remaining property interests. As a result, the project might not be able to proceed or would incur a significant loss.

42. Mr IP Kwok-him opined that given its limited resources, HKHS might not be able to offer sufficient incentives to CBS flat owners so as to obtain 100% owners' participation in redeveloping a CBS building. He enquired whether the Administration would render policy support to assist HKHS in overcoming the difficulties that it might face in applying for compulsory sale orders for redeveloping CBS buildings.

43. DS/DEV/P&L(2) replied that there were some 500 serving civil servants residing in CBS flats and their right to continue to reside at the CBS flats was a housing benefit they were entitled to. Serving civil servants who had obtained legal titles to their CBS flats upon the dissolution of the CBSs would no longer be eligible for other housing benefits. Therefore, unless all owners of a CBS building agreed to sell, it would be unfair to force those unwilling flat owners who were serving civil servants to move out and give up their housing benefit to fulfil the wish of the other owners.



44. SDEV added that any suggestion for removing the consideration of the state of repair of the existing development by the Lands Tribunal under Cap. 545 would involve introducing amendments to the existing legislation.

The "no loss" principle

45. The Panel noted that, under the proposed Pilot Scheme, HKHS had to finance the acquisition of the CBS flats and pay the land premium involved in the redevelopment. Miss Alice MAK expressed concern on whether it would be feasible for HKHS to take on any CBS redevelopment projects under the proposed "no loss" principle, i.e. the gross receipt from redeveloping any CBS project could cover all the development and acquisition costs and expenses to be incurred in the project. Mr YIU Si-wing said that the proposed "no loss" principle might also limit the number of redevelopment projects that could be undertaken by HKHS under the proposed Pilot Scheme. The scheme would be more flexible in facilitating the redevelopment of CBS buildings if HKHS was only required to ensure that the scheme as a whole would not incur financial losses instead of requiring HKHS to ensure that each and every redevelopment project would not incur financial losses.

46. CEO&ED/HKHS replied that HKHS was a self-financing organization that had to bear the market risk of its projects. As the number of CBSs interested in participating in the proposed Pilot Scheme was not known at this stage, HKHS would not be able to tell whether some projects could generate sufficient profits to cover the losses in other projects.

47. SDEV said that under the existing policy, the Administration would charge HKHS land premium at a 50% discount (for the residential portion of the redevelopment) for developing subsidized sale units at a site. It was therefore projected that HKHS could redevelop some CBS sites for providing subsidized sale flats without incurring losses.

48. The Chairman held the view that if the Administration would offer a higher discount, say, more than 50%, for the land premium payable, for HKHS to redevelop CBS sites for providing subsidized sale flats, more CBS sites could be redeveloped under the proposed Pilot Scheme without incurring losses.

### Acquisition offers under the proposed Pilot Scheme

49. The Panel noted that under the proposed Pilot Scheme, HKHS would have to pay for the participating CBS flat owners the outstanding land premium to LandsD for removal of the restriction on alienation clause in their assignments, and HKHS would also have to acquire the CBS flats at market price from the owners participating in the scheme. Under the "no loss" principle, HKHS might offer these CBS flat owners an acquisition price slightly above the market price (for example, about 10% above market transaction price) for acquisition of their flats. CBS flat owners who received HKHS's acquisition offers would also be allowed to purchase flats from HKHS's Flat-for-sale Scheme ("FFSS") Secondary Market.

50. Mr LEUNG Kwok-hung doubted whether the abovementioned arrangements would be beneficial to CBS flat owners. According to the information provided by the Administration, only 85 CBSs sites had redevelopment potentials and redeveloping these sites would only yield a net gain of over 4 000 units in total or an average of 50 more units per site. Mr LEUNG opined that, instead of rolling out the proposed Pilot Scheme, the Administration should acquire these 85 CBS sites and fully utilize them for providing subsidized sale flats in a timely manner. The CBS flat owners affected by resumption of the sites should be allowed to move to subsidized residential units such as the flats under the Home Ownership Scheme ("HOS") of the Hong Kong Housing Authority ("HKHA") or move back to the subsidized sale flats to be developed at the sites.

51. Mr Frederick FUNG enquired about the market price of the flats selling under the FFSS Secondary Market and whether the acquisition price to be offered by HKHS would be sufficient to enable an owner who would sell his/her CBS flat to HKHS to purchase a flat of a similar size in the urban area. Mr YIU Si-wing and Dr CHIANG Lai-wan opined that the incentives offered to CBS flat owners under the proposed Pilot Scheme might not be sufficient to make them initiate applications for redevelopment, considering that the acquisition offers were not attractive.

52. SDEV replied that the proposed Pilot Scheme was not for making profit, and subsidizing the redevelopment of CBS buildings with public funds would depart from the established policy. HKHS was neither a profit-making organization nor an organization receiving direct subsidy from the Government. The proposal to invite HKHS to launch a pilot scheme under the proposed "no loss" principle would obviate the need for the Government to use public funds to subsidize the redevelopment of CBS buildings. He advised members that the then CBS members had only paid

one-third of the market value of the land granted to them in the early years for developing CBS buildings. Given that under the proposed Pilot Scheme, HKHS would have to pay the two-thirds outstanding land premium that CBS members owed the Government under the assignments of their CBS flats, it was not practicable to require HKHS to offer a price to a CBS flat owner, under the "no loss" principle, that would enable him/her to purchase an FFSS unit of a size similar to a CBS flat.

53. CEO&ED/HKHS said that at present, there were about 10 360 subsidized sale units built under FFSS. A CBS flat owner accepting the acquisition offer under the proposed Pilot Scheme would be allowed to purchase an FFSS flat in the Secondary Market. He further advised members that in the past six months, there had been nine transactions in the FFSS Secondary Market.

54. Mr YIU Si-wing suggested that apart from allowing CBS flat owners participating in the proposed Pilot Scheme to purchase HKHS units from the FFSS Secondary Market, to enhance the attractiveness of the Scheme, the Administration should consider offering them a wider range of housing choices, such as giving them priorities in purchasing HOS units or providing them with public rental housing ("PRH") units. Mr WU Chi-wai held the view that the FFSS Secondary Market was not an active market. He said that the Administration should consider allowing a CBS flat owner participating in the proposed Pilot Scheme to purchase an HOS unit with premium not yet paid. The Chairman asked the Administration to consider members' suggestions.

55. In response, SDEV said that it might not be feasible for the Administration to take on the suggestion of Mr YIU having regard to the currently limited supply of HOS units and the fact that there were many households on the waiting list for PRH. DS/DEV/P&L(2) advised members that subsidized sale flats such as HOS units were precious public resources and should be allocated with due care to cater for the needs of low-income households. To minimize the impact of the proposed Pilot Scheme on prospective home owners eligible for HOS flats, the Administration considered it appropriate to allow CBS flat owners participating in the scheme to purchase HKHS units from the FFSS Secondary Market but not to give them priorities or concession in purchasing other subsidized sale flats.

Extension of the proposed Pilot Scheme to cover redevelopment of buildings providing subsidized sale flats

56. Mr WU Chi-wai enquired whether, where circumstances warranted, the Administration and HKHA would consider embarking on a scheme similar to the proposed Pilot Scheme for redeveloping the HOS buildings which were in poor and dilapidated conditions such as those in Yau Tong. DS/DEV/P&L(2) responded that the proposed Pilot Scheme would be launched on a trial basis. The Administration would keep in view the owners' response to the Pilot Scheme first before considering whether similar schemes should be put in place to facilitate the redevelopment of buildings of other subsidized housing schemes.

Redevelopment of CBS buildings by the Urban Renewal Authority

57. Mr LEUNG Che-cheung opined that apart from the proposed Pilot Scheme, the Administration should explore other options to facilitate interested developers and other non-profit-making organizations such as URA to take part in the redevelopment of CBS sites so that more channels would be made available for CBS flat owners to redevelop their buildings.

58. Miss Alice MAK declared that she was a non-executive director of URA. Noting that the Administration had proposed to designate a queue for CBS flat owners' applications for URA's facilitating service, she queried how the proposal could help facilitate the redevelopment of CBS buildings, given that the main difficulty facing CBS flat owners in applying for the facilitating service lay in the assembly of property titles for redevelopment. Mr Frederick FUNG opined that the proposal would be of little help in removing the obstacles to the redevelopment of CBS buildings caused by the lack of incentives on the part of private developers.

59. DS/DEV/P&L(2) responded that URA would normally accord priority to providing its facilitating service to buildings in poor and dilapidated conditions. As CBS buildings were relatively better kept, they might not be accorded with such priority. However, CBS buildings might stand a better chance of being redeveloped if URA would designate a queue for the applications from CBS flat owners under URA's facilitating service.

60. Dr CHIANG Lai-wan opined that the Administration should invite URA to launch a scheme to redevelop CBS buildings under a demand-led approach, and under such a scheme, URA should offer the participating flat owners compensation based on the value of a 7-year-old replacement flat in the same locality.

61. DS/DEV/P&L(2) replied that different from its "Demand-led Redevelopment Project Pilot Scheme" ("Demand-led Scheme"), under its facilitating service, URA did not need to finance a redevelopment project but would only be helping the concerned owners to assemble titles and arrange joint sale of their properties to private developers for redevelopment. As stated in paragraph 7 of the Administration's paper, the purposes of URA were to undertake, encourage, promote and facilitate urban renewal so as to improve the standard of housing in Hong Kong. It would be inappropriate for URA to accord priority to redeveloping CBS buildings at the expense of the more dilapidated buildings with a greater urgency for redevelopment.

62. SDEV said that CBS flat owners might apply for redevelopment under the Demand-led Scheme of URA and be selected by URA if the applications met the requisite criteria. In the previous rounds of URA's Demand-led Scheme, there had been applications received from CBS flat owners but their applications had not been selected by URA after assessment.

63. The Chairman sought clarification on whether URA would consider CBS flat owners' applications for redevelopment under the Demand-led Scheme if their flats were subject to alienation restrictions. DS/DEV/P&L(2) replied that the CBSs should be dissolved before URA could proceed to redevelop the sites involved.

#### Land premium assessment

64. Mr Frederick FUNG said that one of the obstacles to the redevelopment of CBS buildings was that interested developers had difficulties in obtaining information from LandsD on the land premium to be charged for redevelopment of the sites to their fullest potential. In response to Mr FUNG's enquiry on whether the preliminary proposals would help address the problem, SDEV replied in the affirmative. He advised members that LandsD would be asked to consolidate the existing procedures to enable developers interested in acquiring the property interests from CBS flat owners and redeveloping the CBS buildings to, with authorization from the flat owners, apply to LandsD for lease modification and ascertain the amount to be paid to settle the outstanding land premium payments the owners owed the Government as well as the amount payable to the Government for lease modification to redevelop the site.

65. Dr CHIANG Lai-wan enquired what the Administration's position would be on the suggestion that the calculation of the amount of outstanding

land premium payable by CBS flat owners should be based on the land value at the time when the land was granted to the CBS plus accrued interest. Assistant Director (Valuation), Lands Department replied that under the existing practice, similar to the calculation of the amount of land premium payable to the Government for the sale of subsidized flats provided by HKHA and HKHS, LandsD would assess the land premium on the basis of the current market value of the concerned CBS building.

66. At 5:29 pm, the Chairman ordered that the meeting be extended for 15 minutes to 5:45 pm to allow sufficient time for discussion on the item.

#### Utilization of CBS sites

67. Ir Dr LO Wai-kwok expressed support for the Administration to work out proposals to facilitate the redevelopment of CBS sites. He said that CBS buildings, which were situated in premier locations in the urban areas and had moderate building heights, possessed great redevelopment potentials. CBS members generally wished to move out from the buildings due to the lack of modern-day building facilities, such as lifts. To enable HKHS to provide more subsidized sale flats at CBS sites and to make the proposed Pilot Scheme more financially viable, the Administration should review the development parameters of these sites and adopt an open mind on maximizing the use of the sites for meeting housing demand.

68. DS/DEV/P&L(2) advised members that some CBS sites had good redevelopment potentials. The CBS flat owners could organize themselves and apply for redevelopment under the proposed Pilot Scheme.

69. Mr Frederick FUNG said that the development intensities of most CBS sites were currently low. Instead of taking forward the proposed Pilot Scheme, the Administration should consider resuming the sites and redeveloping them for higher development intensities so that more subsidized sale flats could be built. He believed that considerable revenue would be generated through the redevelopment and replacement flats of sizes similar to CBS flats could be offered in the future redevelopment to the affected CBS flat owners who wished to move back to live in the redeveloped buildings.

70. SDEV replied that as a rule of thumb, only those CBS sites with redevelopment ratios at or above two would allow the redevelopment project to break even or, in some cases, yield a surplus. Given that the maximum plot ratios for residential sites in the urban areas were capped at about seven

to eight, the additional floor area that could be yielded from redevelopment of CBS buildings would not be as high as generally perceived.

71. Mr IP Kwok-him opined that if the permitted plot ratios of CBS sites would be about 7 or 8 only, the redevelopment values of these sites would be limited and the acquisition prices that could be offered by HKHS under the proposed Pilot Scheme would not be high enough for a CBS flat owner who would dispose of his/her flat to purchase a replacement flat of a similar size. He enquired whether the Administration would consider relaxing the redevelopment plot ratios of CBS sites.

72. Dr CHIANG Lai-wan opined that the lack of lift provision in CBS buildings had forced those flat owners who were unable to walk up and down the stairs to move out from the flats. Although most CBS buildings were located at good locations, CBS flat owners were not allowed to rent out their units. They could not sell their flats because they could not afford to pay the outstanding premium for removal of the alienation restriction. As a result, their flats were left vacant, leading to a situation that CBS buildings had a high vacancy rate while many Hong Kong people had great difficulties in finding a place to live in. She opined that, to achieve the target of resolving the housing land shortage problem in Hong Kong, the Administration should not be constrained by the existing policies when formulating solutions to help CBS flat owners redevelop their buildings.

73. Mr Paul TSE said he understood that there were public concerns over whether it might be unfair to other flat owners if the Administration accorded priority to redeveloping CBS buildings. In considering CBS flat owners' requests for the Administration's assistance in launching redevelopment programmes for CBS buildings, the Administration should have regard to the fact that CBS members had made great contributions to society when they were serving civil servants and should adopt an open mind when devising proposals to address their problems. He urged the Administration to consult stakeholders on the proposals as early as possible and explore ways to refine the proposals.

74. Summing up the discussion, the Chairman asked the Administration to consider members' views on the proposals. SDEV said that the Administration would further study the proposals in light of members' views expressed at the meeting.

Special meeting to receive public views on the proposed Pilot Scheme

75. Mr Frederick FUNG proposed that a special meeting of the Panel be held to receive public views on the Administration's proposals. Dr Helena WONG supported Mr FUNG's suggestion. The Chairman said that he would ask the Clerk to make the necessary arrangements.

*(Post-meeting note: The special meeting to receive public views on the Administration's proposals was scheduled for 16 July 2015. Members were notified of the relevant arrangements on 3 June 2015 vide LC Paper No. CB(1)938/14-15.)*

**VII Any other business**

76. There being no other business, the meeting ended at 5:41 pm.

Council Business Division 1  
Legislative Council Secretariat  
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