

10 January 2017

Ms Sharon CHUNG
Clerk to Public Works Subcommittee
Legislative Council Finance Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms CHUNG,

Thank you for your email dated 13 December 2016. In the email, you have attached a letter of the same date from Hon CHU Hoi-dick requesting further information from the Government on the public housing development at Wang Chau. After consolidating information from the concerned bureaux/departments, we would like to reply as follows:

Development Area of Phase 1 of the Public Housing Development at Wang Chau

The development area of Phase 1 of the public housing development at Wang Chau (Wang Chau Phase 1), covering an area of about 5.6 hectares, is situated at the north of Long Ping Road. As the advance works to be carried out by the Civil Engineering and Development Department (CEDD) will include the associated road improvement works at the existing Long Ping Road and Fung Chi Road, the site to be handed over by the Lands Department to CEDD will be about 6.9 hectares, which is larger than the development area of Wang Chau Phase 1. For the site details, please refer to the enclosed plan.

The above area of 6.9 hectares includes the area required for the road improvement works at the existing Long Ping Road and Fung Chi Road. Land resumption will not be required for the road improvement works. The road improvement works have been gazetted and any persons affected by the road works may claim for compensation according to the Roads (Works, Use and Compensation) Ordinance.

As regards questions relating to environmental impact assessment as mentioned in the letter, the Environmental Protection Department will reply separately.

Project Boundary and Study Documents

Regarding the enquiries on the project boundary of Wang Chau Phase 1, the Planning Department (PlanD) will consider various planning factors, including the distribution of government lands and private lands, when reviewing the land use. However, the ownership of private lands will not be a consideration. At present, there are fallow and active farmland, partially vegetated area, squatters and temporary structures in Wang Chau. Also, various brownfield operations, including vehicle parking, car repairing workshop, logistics operation, recycling, etc., are found within the “Open Storage” zone and along Long Ping Road and Fuk Hi Street. The selected site in Wang Chau, which is close to Yuen Long New Town, is mainly occupied by brownfield operations, squatter and temporary structures. The site is relatively flat and has less vegetation. It does not involve any land of ecological value and does not include any land within the village environs of Wing Ning Tsuen, Fung Chi Tsuen and Shui Tin Tsuen.

On 6 August 2015, the Town Planning Board (TPB) received an application under s12A of the Town Planning Ordinance for amending the Ping Shan Outline Zoning Plan. It proposed to rezone a site adjacent to Wang Chau Phase 1 from “Green Belt” (GB) to “Residential (Group A) 5”. The site was not included in the Wang Chau site formerly identified by PlanD earlier because most of it lies within the village environs of Wing Ning Tsuen. The above application was rejected by the Rural and New Town Planning Committee under TPB on 23 December 2016.

Regarding the GB review by PlanD mentioned in the Planning and Engineering Study for the Public Housing Site and Yuen Long Industrial Estate Extension at Wang Chau (P&E Study), the review is part of PlanD’s on-going land use review exercises. The Stage 1 GB review completed by PlanD in 2012 mainly focused on devegetated, deserted or formed GB sites (including sites of Wang Chau Phase 1). In 2013, PlanD completed the Stage 2 GB review, which covered sites in the fringe of built-up areas close to the existing urban areas and new towns. The results of these land use reviews were set out in the Policy Addresses published in the past few years. When rezoning is proposed for a particular site for development, the

relevant departments will provide information/reports of the studies or technical assessments in respect of the proposed development and consult the related stakeholders (including the District Council concerned) as usual. The Government did not publish a separate report on GB review.

As the Government has pointed out on different occasions, including its response to media enquiries (see LC Paper No.: CB(1)126/16-17(01)) and the paper submitted to the Legislative Council (LegCo) joint Panels on Housing and Development (Paper No.: CB(1)201/16-17(01)), the objective of the P&E Study is to examine the technical feasibility of the project in various aspects, including planning, engineering and environmental issues. The Study commenced in July 2012 and various assessments were completed in different stages. In early 2014, the Government decided to take forward Wang Chau Phase 1 first and the consultants, as instructed, produced further technical reports and technical notes for the technical assessments required for the rezoning application of Wang Chau Phase 1. The entire Study was completed in September 2015 and the Study Report, which also contained the reports of the related studies completed between June 2014 and September 2015, was released and uploaded to the internet by the Government on 18 October 2016. The Study report is available at the following website: www.thb.gov.hk/eng/popup/wangchau_report.htm.

Decision-making Process and Consultation

As for the question in the letter about the decision-making process in respect of the public housing development at Wang Chau, the Government already gave a thorough explanation at the press conference on 21 September 2016. The transcripts of the remarks and the record of the question-and-answer session at the press conference were also uploaded to the website of the Information Services Department for public information. Earlier, the Government has also consolidated and submitted the relevant press releases to the Panel on Housing and joint Panels on Housing and Development for reference (Paper No.: CB(1)126/16-17(01)). Members can access the press release of the aforesaid press conference via the following link:

<http://www.info.gov.hk/gia/general/201609/21/P2016092100721.htm> (Chinese only)

To facilitate Members' understanding of the issues involved, the salient points are also outlined in the following paragraphs.

At the Task Force meeting on Wang Chau and Queen's Hill chaired by the Chief Executive on 27 June 2013, the scope of decision making included increasing public housing production at Wang Chau and Queen's Hill as far and as soon as possible and providing steer on handling major issues in connection with the development. As far as the housing development at Wang Chau is concerned, the focus of the discussion at the meeting was to increase the plot ratio and strive for building more public housing units. Various issues were also discussed at the meeting, such as the statutory procedures involved, consultation, brownfield and environmental protection issues. It was decided to increase the plot ratio to 6.0 at the meeting, and it was anticipated that a total of 17 000 units would be built, with Phase 1 providing 4 300 units in 2023-24 while 12 700 units would be available upon the completion of Phases 2 and 3 in 2026-27. It was after this meeting, colleagues of the Housing Department (HD) and other departments concerned carried out lobbying work in local communities and solicited views on the development of Wang Chau, according to the usual practice.

At the press conference on 21 September 2016, in the press release of 30 September, and in paragraphs 11 to 20 of the information paper submitted to the LegCo Panel on Housing on 18 October 2016, the Government already pointed out that in order to proceed with Phases 2 and 3 of the Wang Chau Development, it was anticipated that many practical problems had to be resolved, including the environmental impact from the Yuen Long Industrial Estate in the north, the infrastructural works involved and how to handle the brownfield operations.

Having carefully considered various factors, HD reported to the Secretary for Transport and Housing (STH) in January 2014 and proposed to first proceed with Wang Chau Phase 1 to build a total of 4 000 units. The aim was to secure an early production of 4 000 public housing units for inclusion in the ten-year public housing construction programme. HD's proposal was agreed by STH, who then reported to the three senior Secretaries' meeting chaired by the Chief Executive (the 3Cs Meeting). Regarding the entire decision-making process of first proceeding with Wang Chau Phase 1, a suitable and feasible proposal was put forward by frontline civil servants upon exercising their professional judgement. The proposal was agreed by STH and subsequently reported to the 3Cs Meeting chaired by the Chief Executive. Since the Government has offered explanations on many occasions already, it has no intention to provide the minutes of meeting of the Task Force on Wang Chau and Queen's Hill.

As for the records of informal consultation mentioned in the letter, the Government has on many occasions offered detailed explanations to the public about the process of the four informal consultation sessions, including the attendees and their views. The details can be found at:

- (1) The transcript of remarks by STH at the press conference on 21 September 2016, which can be accessed via the following link:
<http://www.info.gov.hk/gia/general/201609/21/P2016092100721.htm>
- (2) The annex entitled “Brief on Major Events in Connection with the Public Housing Development at Wang Chau” to a document (Paper No.: HA 0001) submitted to the Hong Kong Housing Authority on 23 September 2016, which can be accessed via the following link:
<http://www.housingauthority.gov.hk/en/about-us/housing-authority/ha-paper-library/index.html#>
- (3) An information paper submitted to the LegCo Panel on Housing on 18 October 2016 (Paper No.: CB(1)16/16-17(01))
- (4) The press release on “Response to Media Enquiries on Planning and Engineering Study for Wang Chau” issued on 25 October 2016 (see LC Paper No.: CB(1)126/16-17(01))
- (5) A paper submitted to the LegCo joint Panels on Housing and Development on 5 December 2016 (Paper No.: CB(1)254/16-17(01))

As mentioned by the Transport and Housing Bureau at the Press Conference on 21 September 2016 and reiterated at the joint meeting of Panels on Housing and Development on 15 November 2016, it has been a long-standing arrangement in the consultation system of the Government to lobby for projects that will affect the district. The objective of doing so is to understand the concern of people from the district and to gauge their initial reaction to the proposal or idea. The opinions gathered will be useful for the Government to finalise the proposal and better respond to local concern during public consultations. However, informal consultations cannot and have not replaced public consultations conducted in accordance with the Ordinance and established procedures.

As a matter of fact, the Government did conduct consultations in line with established procedures. A comprehensive public consultation exercise was held between 2014 and 2015 in which the public was consulted at meetings with the Ping Shan Rural Committee and the Yuen Long District Council, as well as during the statutory procedures for rezoning applications submitted to TPB. The public could participate in each and every stage of the consultation, and had the opportunity to express their views and make representations. When arriving at the decision of proceeding with Wang Chau Phase 1 first, the Government has not only made reference to the opinions gathered from the lobbying sessions but, more importantly, considered actual and complicated issues such as infrastructure, environmental mitigation measures, as well as the handling of brownfield operations.

In respect of the request for the related email record, after careful consideration, we find it inappropriate to disclose the related record to the public as these emails contain information such as that of third parties.

Compensation Scheme in relation to Brownfield Sites in Phases 2 and 3 of Wang Chau Development

Regarding the compensation scheme concerning brownfield sites in Phases 2 and 3 of Wang Chau Development as enquired in the letter, as mentioned earlier by the Government, it has decided to, while addressing the brownfield site issue, conduct further technical study for the development of these two phases. The study was expected to take about two years to complete. With reference to the study results, the Government will determine the implementation plan and timetable, and further consider the details of its implementation. As regards compensation for land resumption, as explained at the joint meeting of the LegCo Panels on Housing and Development, the Government has an established mechanism to handle compensation upon resumption of private land for public use. The Government will follow relevant Ordinances in processing and assessing statutory claims from owners affected. In addition, as approved by the Finance Committee (FC) of LegCo, the Government has entrenched an ex-gratia compensation system which covers four compensation zones (i.e. Zones A, B, C and D) to deal with compensation matters of land resumption in the New Territories. The Government will act in line with the established mechanism when taking forward the development of Wang Chau Phases 2 and 3.

Contractual Matters between the Government and Ove Arup & Partners Hong Kong Ltd (OAP)

The Government understands that Members would like the Administration to provide the contract provisions for confidentiality and declaration of conflict of interest. As requested by the LegCo Panels on Housing and Development at the joint meeting on 15 November 2016, the Government submitted to LegCo on 28 November 2016 the standard contractual provisions for confidentiality and declaration of conflict of interest as stipulated in ETWB TCW No.: 3/2004A and ETWB TCW No.: 18/2005 (see Annex 1 and Annex 2 (English version only) of LegCo Paper No.: CB(1)201/16-17(01)). These standard provisions are also laid down in the consultancy agreement (Paper No.: CE 64/2014(CE)) between CEDD and OAP.

The Government cannot provide the full text of the consultancy agreement between CEDD and OAP for the infrastructure project in Wang Chau (No.: CE 64/2014(CE)) since it involves commercial confidentiality and third party information. The disclosure of such information would, according to paragraphs 2.9(a), 2.9(b), 2.14 and 2.16 of the Code on Access to Information, prejudice the competitive position of the consultancy firm and/or the Government. On the ground of legal professional privilege and according to paragraph 2.6(d) of the Code on Access to Information, we cannot disclose the advice of the legal adviser(s) either.

The relevant departments have commenced investigations against other consultancy firms on their suspected use of data in PlanD's Territorial Population Employment Data Matrix for private development projects. As the investigation is still in progress, we cannot disclose the information of the cases at the moment.

Separation of Handling Wang Chau-related Items from Block Allocations

The Government does not agree that items relating to Wang Chau development should be dealt with separately from the block allocations, as mentioned in the letter.

Expenditure items under the Capital Works Reserve Fund (CWRP) should generally be approved by FC on a project-by-project basis in accordance with the terms of the Resolution made by the former LegCo. To enable more efficient operation of FC and the Public Works Subcommittee (PWSC) so that they may concentrate on projects of greater importance and higher project estimate, FC has

delegated to the Financial Secretary (FS) the authority to approve expenditure on individual projects under CWRP block allocation subheads, subject to the respective financial ceiling for individual items and the projects meeting the ambit of the relevant subheads.

According to Rule 22(q) of the House Rules, “the relevant Panel should be consulted before a major and/or potentially controversial financial proposal is submitted to the Finance Committee”. In seeking FC’s support for the funding proposal of 2017-18 block allocations, the Government had, as in the past and as required, consulted three Panels including the Panel on Development.

Despite that two motions raised by Members were passed at the meeting of the Panel on Development held on 22 November 2016, and such decisions arising from the motions “are not binding on other committees of the LegCo” according to paragraph 3.28 of the Handbook for Chairmen of Panels, the Government has reviewed the motions concerned in detail. After review, the Government considers it necessary to retain in the funding proposal the two land resumption items relating to Wang Chau Phase 1 development and that voting should be on the basis of the total allocation proposed.

As explained in the Government’s reply to the Panel on Development on 30 November 2016, the establishment of block allocations is to enable more efficient operation of FC and PWSC so that they may concentrate on projects of greater importance and higher project estimate. FS has all along worked in accordance with the authority delegated by FC. The Government is of the view that it would defeat the purpose of establishing block allocations if individual items are taken out for separate voting.

The two land resumption items relating to Wang Chau in Yuen Long are ongoing items seeking to resume and clear land for Wang Chau Phase 1 development. If everything goes smoothly, Wang Chau Phase 1 will provide about 4 000 units in 2024-25. The Government plans to seek funding from FC and proceed with the requisite site formation and infrastructure works at an appropriate time after the project design is completed. Any delay in land resumption and clearance will impose a delay on the site formation and infrastructure works and consequentially affect the subsequent Wang Chau Phase 1 public housing development.

In conclusion, if land resumption and clearance is delayed, Wang Chau Phase 1 cannot be completed on schedule in 2024-25 to provide 4 000 units for people with housing needs. The Government therefore cannot agree to single out the two items from the funding proposal for separate voting.

Yours sincerely,
Original signed
(Kenneth LEUNG)
for Secretary for Transport and Housing

c.c.

Ir Dr Hon LO Wai-kwok, SBS, MH, JP, Public Works Subcommittee of the Finance Committee of the Legislative Council

Secretary for Development (Attn.: Mr Ivan CHUNG)

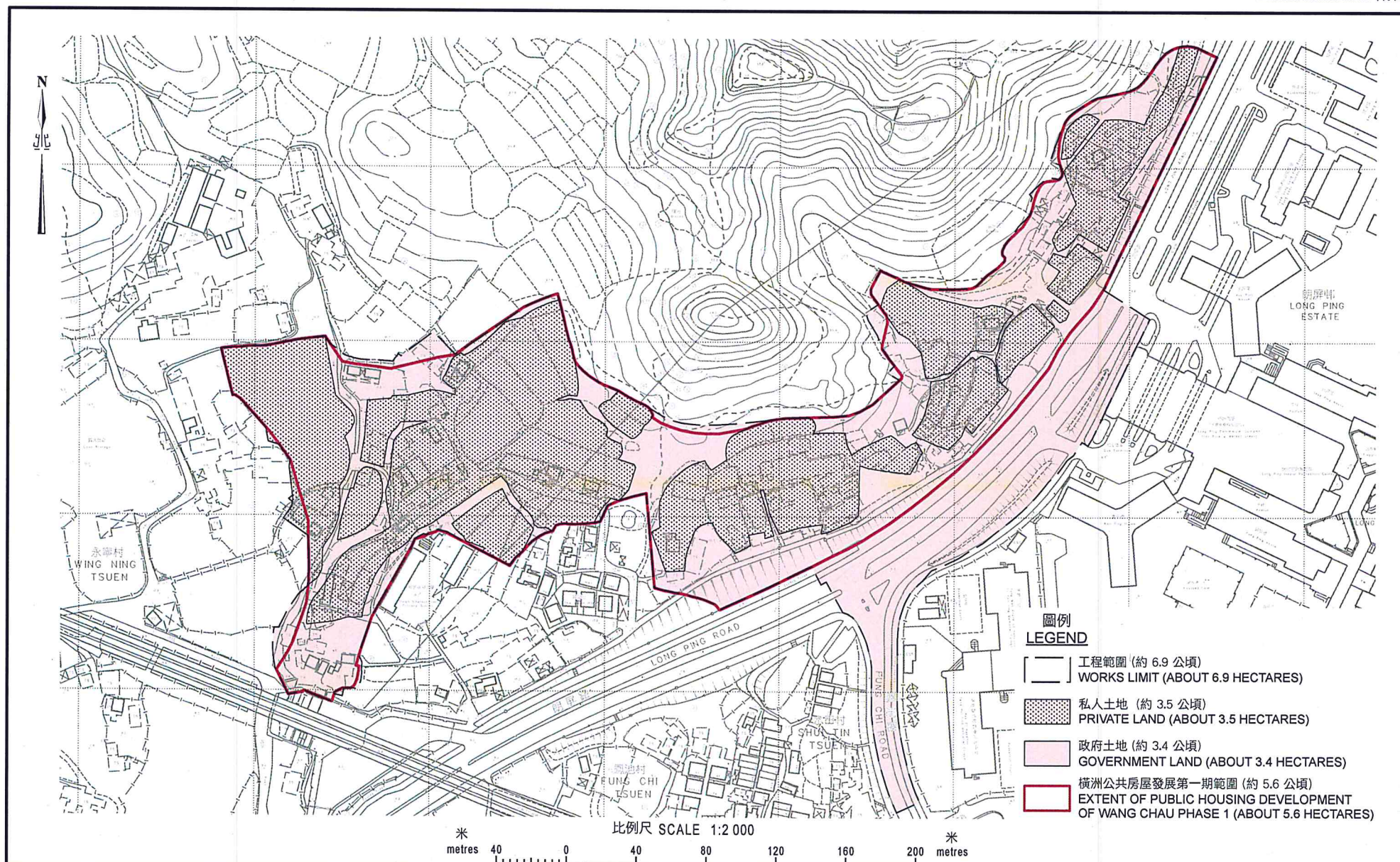
Secretary for Financial Services and the Treasury (Attn.: Ms Jasmine CHOI)

Director of Environmental Protection (Attn.: Mr Stanley LAU)

Lands Department (Attn.: Mr Tony MOYUNG)

Planning Department (Attn.: Mr David LAM)

Civil Engineering and Development Department (Attn.: Mr Edward CHAN)



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PUBLIC HOUSING DEVELOPMENT AT WANG CHAU, YUEN LONG (PHASE 1)

檔案編號 File No. -----

測量圖編號 Survey Sheet No. 6-NW-9A/B

分區計劃大綱圖編號 Outline Zoning Plan No. S/YL-PS/16

參考圖編號 Reference Plan No. -----

圖則編號 PLAN No. LIC-MIS-062A

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