

URGENT

Our Ref: PHD/URAB

By Fax & By Post
(Fax No. 28039321)

24 March 2000

Legislative Council Bills Committee
On the Urban Renewal Authority Bill
3/F Citibank Tower
3 Garden Road
Central
Hong Kong

Attn: Mr. Edward Ho
Chairman

Dear Sir,

URA Bill

This letter contains comments by the Land Development Corporation on the Urban Renewal Authority Bill currently before the Legislative Council.

The Corporation generally supports the Bill and the related measures announced by the Government in the Chief Executive's 1999 Policy Address and in the Consultation paper on the Urban Renewal Authority White Bill. These are important and positive steps towards addressing the acute and worsening problems of urban decay in Hong Kong. Indeed, the Corporation has argued for many of these measures for several years.

I would, however, take issue with the Government on the question of the management structure of the Urban Renewal Authority. Government is proposing that the URA should be run by an Executive Chairman in place of the existing structure of a non-executive Chairman and a Chief Executive.

At the meeting on 14 March 2000, the Deputy Secretary for Planning and Lands indicated that Government's reasoning was that an Executive Chairman would be more accountable.

The Corporation strongly disagrees with this view. The Corporation has always been fully accountable for its actions since it was established in 1988. The management structure, whereby the Managing Board, led by the Chairman, monitors the executive within the framework of the LDC Ordinance has been very successful.

Land Development Corporation

I also note that there is a growing international trend towards separation of the roles of Chairman and Chief Executive. For example, in the United Kingdom, the Government established Committee on Corporate Governance issued a Combined Code on Principles of Good Governance and Code of Best Practice in June 1998. The Code has this to say about the roles of Chairman and CEO:

“There are two key tasks at the top of every public company - the running of the board and the executive responsibility for the running of the company’s business. There should be a clear division of responsibilities at the head of the company which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.”

I cannot put it better than this. The Corporation feels strongly that there is a need for checks and balances at the top of the URA and that this is best achieved by a non-executive Chairman and a Managing Board, which supervises the day-to-day running of the Authority by the executive. I should also say that this is my view and that of the current Managing Board of the LDC.

Yours faithfully

Lau Wah Sum
Chairman