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5 June 2000

Miss Odelia Leung
Clerk to Bills Committee on the
Urban Renewal Authority Bill
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Miss Leung,

**Bills Committee on the
Urban Renewal Authority Bill**

Thank you for your letter of 31 May 2000.

Our response to the points raised by Members is as follows:

- (a) **Division of Duties and Responsibilities between
the Chairman and the Managing Director**

Having reconsidered the proposed structure of the Board of the Urban Renewal Authority (URA), we now propose that it should include the following members:

- (i) a Chairman of the Board who is at the same time a non-executive director and is not a public officer (ie, a non-executive Chairman);
- (ii) a Managing Director who is at the same time an executive director and is not a public officer (ie, a Chief Executive Officer);
- (iii) two other executive directors, not being public officers;
- (iv) not less than seven other non-executive directors, not being public officers; and
- (v) four non-executive directors who are public officers.

The URA Board would be the governing and executive body of the URA and it would, in the name of the URA, exercise and perform the powers and duties of the URA. The Chairman would lead the URA Board in its deliberations and guide the Board in its decision-making.

The Managing Director is the administrative head of the URA and is responsible, subject to the direction of the URA Board, for administering the day-to-day affairs of the URA and for the conduct of the general business of the URA. He would also be the Deputy Chairman of the URA Board and would stand in for the Chairman if he is absent. He would be accountable to the Chairman and the URA Board for his work.

The Managing Director and the two Executive Directors would have to attend the committee and subcommittee meetings of the Legislative Council to answer questions from Members.

(b) **Honorarium for the Chairman of the URA Board**

At present, the Chairman of the Land Development Corporation (LDC) is paid an allowance of \$100,000 per annum.

We would determine the allowance of the Chairman of the URA Board after the Urban Renewal Authority Bill (the Bill) is passed into law.

(c) **Managing Director and Executive Directors**

Members of the Bills Committee and some community groups have expressed concern about the proposed executive chairmanship of the URA Board as provided for in clause 4(1) of the Bill. Members are of the view that there should be a non-executive Chairman and a Chief Executive Officer for the URA to provide a system of checks and balances in the decision-making process.

Having re-examined the issue, we now propose to adopt the model of the Mandatory Provident Fund Schemes Authority for the URA, ie, there should be a non-executive Chairman and a Managing Director, both appointed by the Chief Executive. As the Managing Director and the two Executive Directors are all directors of the URA Board, they should be appointed by the Chief Executive.

The appointment of the Managing Director and the two other Executive Directors would enhance the efficiency and accountability of the URA. The Managing Director and the two other Executive Directors would be accountable to the URA Board for the conduct of the general business of the URA. The two Executive Directors would report to the Managing Director.

As the Managing Director and the two other Executive Directors are all members of the URA Board, it would be more appropriate if an authority other than the URA Board could determine their remuneration packages. As in the case of the Mandatory Provident Fund Schemes Authority, we propose that the remuneration packages of the Managing

Director and the two other Executive Directors should be determined by the Chief Executive.

(d) **Peg to Civil Service Pay**

We do not think that it would be appropriate to peg the remuneration package of the Managing Director to the pay package of a civil servant (say a D8 officer). The nature of the work and responsibilities of the Managing Director and a senior civil servant are different. It may be difficult to attract suitable candidates from the private sector if the remuneration package of the Managing Director is pegged to that of a civil servant.

(e) **Composition of the URA Board**

Section 6A of the Mandatory Provident Fund Schemes Ordinance (Cap. 485) provides:

“(1) The Authority is to consist of not fewer than 10 directors appointed by the Chief Executive.

(2) Of the directors –

(a) not fewer than 4 are to be executive directors; and

(b) the remainder are to be non-executive directors.

(3) Of the non-executive directors –

(a) at least 1 but not more than 2 are to be persons who, in the opinion of the Chief Executive, represent the interests of participating employers; and

- (b) at least 1 but not more than 2 are to be persons who, in the opinion of the Chief Executive, represent the interests of relevant employees.
- (4) In appointing the directors, the Chief Executive must ensure that –
- (a) a majority of the directors are non-executive directors; and
 - (b) the number of persons appointed to represent the interests of relevant employees is equal to the number of persons appointed to represent the interest of participating employers.”

We do not consider that it is necessary to make a provision similar to that of section 6A of the Mandatory Provident Fund Schemes Ordinance. However, we would ensure that the future URA Board is representative of the community and of the different interests in society.

Yours sincerely,

(Stephen Fisher)
for Secretary for Planning and Lands

c.c. Department of Justice
(Attn: Mr J D Scott and Ms R Chai)

Director of Planning
(Attn: Mr T K Lee)