

立法會
Legislative Council

LC Paper No. CB(1)1432/13-14
(These minutes have been seen
by the Administration)

Ref : CB1/PL/DEV/1

Panel on Development

Minutes of special meeting
held on Tuesday, 30 July 2013, at 9:00 am
in Conference Room 1 of the Legislative Council Complex

Members present : Hon Tony TSE Wai-chuen (Deputy 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 Cyd HO Sau-lan
Hon CHAN Kin-por, BBS, JP
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yeet, GBS, 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 Gary FAN Kwok-wai
Dr Hon Kenneth CHAN Ka-lok
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

- Members attending** : Hon Ronny TONG Ka-wah, SC
Hon Steven HO Chun-yin
Hon Dennis KWOK
- Members absent** : Dr Hon LAU Wong-fat, GBM, GBS, JP (Chairman)
Hon Frederick FUNG Kin-kee, SBS, JP
Hon CHAN Hak-kan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Claudia MO
Hon CHAN Chi-chuen
Hon CHAN Han-pan
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Dr Hon CHIANG Lai-wan, JP
- Public officers attending** : **Agenda item I**
- Mr Paul CHAN Mo-po, MH, JP
Secretary for Development
- Mr Thomas CHOW Tat-ming, JP
Permanent Secretary for Development
(Planning and Lands)
- Ms Amy CHEUNG Yi-mei
Acting Assistant Director / Territorial
Planning Department
- Mr LAW Hin-wing, JP
Assistant Director (Acquisition)
Lands Department
- Mr LAW Man-tim
Chief Engineer/Project Division 2
(New Territories North and West)
Civil Engineering and Development Department

**Attendance by
Invitation**

: Agenda item I

Mr LIU Yun-cheong

Ms YU Hin-pik

Mr KWOK Ho-man

Ms HO Ka-po

Mr TAM Hoi-pong
Green Sense

Ms HUI Sin-hang

Mr WONG Chun-chiu

Mr Danny MAK Tse-ming

Ms CHENG Cheuk-man
Vice CEO
Eco Association

Mr Tony CHONG
Vice Chairman
The Association of North Point Merchants and Hawkers

Mr LAM Siu-lun
Chairman
Hong Kong Travel Agent Owners Association

Mr LIU Hing-hung
Sheung Shui Heung Indigenous Inhabitant Representative

Ms Jenny CHAN
Founding Vice Chairman
Love China Hong Kong Alliance of Youth Cultural
Societies

Ms YIP Po-lam
Justice and Peace Commission of the Hong Kong
Catholic Diocese

Mr LIU Chun-pang

Mr Alex FONG

Member

消費正義

Mr Thomas KONG

Tin Shui Wai Alliance

Ms WONG Wing-chi

Social Worker

Tin Shui Wai Community Development Alliance

Ms WONG Wai-ling

Yuen Long District Council member

Mr Wallace CHANG

Member, Planning & Lands Committee

The Hong Kong Institute of Architects

Mr KWAN Wing-yip

Neo Democrat

Ms WONG Lee-lee

NENT Raiders

Mr NG Hei-man

Assistant Campaign Manager

The Conservancy Association

坪輦大埔田村村民李朝偉先生

Mr Patrick CHENG

Council Member

Hong Kong Institute of Real Estate Administrators

坪輦村村民許惠想女士

坪輦昇平村村民譚志傑先生

Mr CHUNG Yiu-wah

大埔田村村民李文杰先生

坪輦昇平村村民李葆恒女士

Mr FUNG Kin-chung
Chairman
Hong Kong Pig Raising Development Federation

Mr CHAN Kin-yip
Vice Chairman
Farmket

Mr WAN Chung-ping
Deputy Chairman
Federation of Hong Kong Agricultural Association

坪輦村村民黃祥建先生

Ms YIP Wing-lam

Mr WONG Kin-long
Young DAB

坪輦村村民楊官平先生

坪輦坪洋新村村民祝燕如女士

Clerk in attendance : Ms Sharon CHUNG
Chief Council Secretary (1)6

Staff in attendance : Mr Anthony CHU
Senior Council Secretary (1)6

Mr Fred PANG
Council Secretary (1)6

Ms Christina SHIU
Legislative Assistant (1)6

Ms Clara LO
Legislative Assistant (1)9

I To receive views on the revised development proposals for the North East New Territories New Development Areas project

(LC Paper No. CB(1)1461/12-13(01) -- Administration's paper on North East New Territories New Development Areas Project

LC Paper No. CB(1)1543/12-13(01) -- Administration's paper on increasing land supply

LC Paper No. CB(1)1461/12-13(02) -- Paper on the proposed North East New Territories New Development Areas prepared by the Legislative Council Secretariat (Updated background brief))

Submissions from organizations/individuals not attending the meeting

LC Paper No. CB(1)1630/12-13(01) -- Five submissions from five members of the public

LC Paper No. CB(1)1630/12-13(02) -- Submission from a member of the public (張晉誠) dated 18 July 2013

LC Paper No. CB(1)1630/12-13(03) -- Submission from a member of the public (LEUNG) dated 18 July 2013

LC Paper No. CB(1)1630/12-13(04) -- Submission from a member of the public (Brian) dated 18 July 2013

LC Paper No. CB(1)1630/12-13(05) -- Submission from a member of the public (李玉嫦) dated 19 July 2013

LC Paper No. CB(1)1630/12-13(06) -- Submission received from a member of the public (陳映丞) on 19 July 2013

LC Paper No. CB(1)1630/12-13(07) -- Submission from a member of the public (LIU Kit-bing) dated 19 July 2013

LC Paper No. CB(1)1630/12-13(08) -- Submission from a member of the public (廖潔鎂) dated 19 July 2013

LC Paper No. CB(1)1630/12-13(09) -- Submission from a member of the public (鍾燕娟) dated 19 July 2013

- LC Paper No. CB(1)1630/12-13(10) -- Submission from a member of the public (廖潔婷) dated 19 July 2013
- LC Paper No. CB(1)1630/12-13(11) -- Submission from a member of the public (廖家瑋) dated 19 July 2013
- LC Paper No. CB(1)1630/12-13(12) -- Submission from a member of the public dated 19 July 2013
- LC Paper No. CB(1)1630/12-13(13) -- Submission from a group of 20 business operators at Tin Ping Shan Tsuen, Sheung Shui, dated 19 July 2013

Meeting arrangements

The Deputy Chairman invited members' views on the meeting arrangements. He said that the meeting would be conducted in two sessions with a break in between. During each session, deputations would be invited to present their views, to be followed by views and questions from members, and then responses from the Administration. Members raised no objection to the meeting arrangements.

Session One

Presentation of views by deputations

2. The Deputy Chairman welcomed the Administration and deputations to the meeting. He reminded deputations that when addressing the Panel, they were not covered by the protection and immunity under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) ("LC(P&P)O") and their written submissions were also not covered by the said Ordinance.

3. A summary of deputations' views was given in the **Appendix**.

Discussion

Land interests held by the Secretary of Development's family in North East New Territories New Development Areas

4. The Panel noted that the Secretary for Development ("SDEV") had made a statement at the meeting on 22 July 2013 regarding media queries about Statement Industries Limited ("the Company") owning a piece of farmland in

Kwu Tung North, Sheung Shui ("the Farmland"). According to SDEV at the meeting, the Company purchased the Farmland in 1994 when it was co-owned by SDEV's wife and her family members. SDEV's wife had sold her stake in the Company which was held by Orient Express Holdings ("Orient Express") in early October 2012, and had resigned from the directorship of the Company.

5. Mr James TO said that according to a press statement of SDEV's wife, her brother who had been declared bankrupt had paid \$2.7 million to acquire her stake in the Company held by Orient Express. He considered that SDEV should clarify whether the sale of his wife's stake in the Company to her brother was a genuine business deal. Mr Gary FAN queried why a person who had been declared bankrupt was willing to buy the stake on the Farmland. SDEV replied that his wife had sold her stake in the Company to her brother and had received the payment in full. He said that to protect privacy, it was inappropriate for him to disclose personal issues of his wife's brother.

6. Mr James TO said that according to some information, Orient Express was holding 75% shares in Harvest Charm Development Limited ("Harvest Charm"). Mr TO enquired whether half of the 75% shares in Harvest Charm were held by Orient Express on behalf of a company registered in the British Virgin Islands ("BVI") on trust; and if yes, whether the relevant declaration of trust had been stamped. Pointing out that Orient Express itself was a BVI company and the arrangement to hold shares by a BVI company through another BVI company was a complicated arrangement, Mr TO opined that SDEV should make clear the rationale underlying such an arrangement.

7. SDEV replied that as he and his wife had already explained to the media, of the 75% shares in Harvest Charm held by Orient Express, half of them were held on behalf of a company named Classic Success International Limited ("Classic Success"). He stressed that he himself, his wife and their children as well as Orient Express were not shareholders of Classic Success. In response to Mr TO's enquiry on whether the relevant declaration of trust could be disclosed to the public, SDEV explained that consent from Classic Success had to be sought for the disclosure. He added that his wife was a chartered secretary as well as a professional. It was part of her business to provide nominee service.

8. Mr Alan LEONG said that SDEV as a politically appointed official should be conscious of public expectation for a clear account of the companies in which SDEV himself, his family or his wife's family owned shares or interests, or received any interests through trust structures in connection with land interests in the North East New Territories New Development Areas ("NENT NDAs"). He enquired whether SDEV had considered his suitability to

continue taking charge of the NENT NDAs project in light of existing public perception on him.

9. Ms Emily LAU said that SDEV should tackle issues on his family's interests in the Farmland as soon as possible so that public's discussion could focus on the NENT NDAs project. Given the wide public concern and suspicions on the issues despite repeated explanation by SDEV and his wife, Ms LAU urged that SDEV should address all queries in one occasion either by holding a press conference or at a meeting of the Legislative Council.

10. SDEV responded that he and his team would continue to handle the NENT NDAs project. SDEV reiterated that at the Panel meeting on 22 July 2013, he had taken the initiative to brief members on issues relating to the Farmland and answered members' questions on the matter. Before and after the meeting as well as in Tianjin on 23 July 2013, he had taken the initiative to explain the issue to the media and responded to their enquiries. On 24 and 25 July 2013, his wife and the Company had issued separate statements to clarify some further queries. To address some confusing and misleading messages, his wife had placed an advertisement on 29 July 2013. SDEV explained that since the Farmland was currently owned by his wife's family, he needed to discuss with them when it came to issues related to the Farmland. He said that he himself and his wife had tried their best efforts to respond to queries raised by members and the media, and had already said what they needed to say.

11. Mr Albert CHAN opined that Members should support setting up a committee authorized with the powers conferred by LC(P&P)O to find out the truth about the incident concerning SDEV's interest in the Farmland.

12. Mr Gary FAN said that SDEV should respond to public comments that he had breached the relevant code for officials under the Political Appointment System. He opined that if SDEV had attached importance to avoid conflict of interests, he should have taken steps early to deal with possible problems that might arise from his family's ownership of the Farmland before the matter was uncovered by the media. He said that the public was gravely concerned about the effectiveness of the Political Appointment System as well as SDEV's suitability to lead the Development Bureau ("DEVB") in taking forward the NENT NDAs project.

13. Dr KWOK Ka-ki said that Mr Jasper TSANG had commented in a radio programme on 27 July 2013 that the approach adopted by SDEV in disclosing information to the public on the matter in a piecemeal manner would undermine Government credibility. However, the same approach had been adopted by

SDEV in answering members' queries at the meeting and in the advertisement placed by his wife on 29 July 2013. Dr KWOK said that if issues about the Farmland remained unresolved, the Administration would once again fail to address public discontent.

14. SDEV disagreed to the allegation about him taking a piecemeal approach in disclosing relevant information on his family's ownership on the Farmland. He said that in the said radio programme, Mr Jasper TSANG had only expressed concern that the public might have perceived he had adopted such an approach. SDEV said that the advertisement placed by his wife did not provide new information. It briefly recapped the points he and his wife had made before which had not been fully covered in the media reports. SDEV said that he was aware that the public held high expectation of politically appointed officials. He stressed that he had strictly observed the code for officials under the Political Appointment System and the code for Executive Council members, and had made the appropriate declarations. SDEV reiterated that all along he had no interests in the Farmland. His wife's press statement on 29 July 2013 had confirmed that on 10 October 2012, she had sold her entire stake in the Company held by Orient Express and had received the payment in full. The relevant sales and purchase agreement and the instrument of transfer of shares had been made known to the media. A surveyor had commented in a media interview that the selling price of the Farmland was reasonable. SDEV said that his wife and their children no longer held any interests in the Farmland since 10 October 2012. To clear suspicions over possible conflict of interests he might have in the Farmland, his wife's family had announced that the land would be disposed of by tender. He believed that after these arrangements, the public should be assured that there was no conflict of interests between his duties and the matter on the Farmland. He added that he had received support from colleagues in DEVB who were willing to serve Hong Kong people in concerted efforts with him in pursuing the work of DEVB.

15. Ir Dr LO Wai-kwok said that Hong Kong people was allowed to purchase agricultural land for investment or leisure purpose. SDEV's wife had sold her stake in the Company on 10 October 2012, which was long before the matter on the Farmland was uncovered by the media. As there was no indication that there was an exceptional increase in the value of the Farmland since SDEV was appointed to the post, Ir Dr LO did not consider that SDEV had abused his power for personal gain.

16. Mr CHAN Kam-lam said that it was inappropriate to link the NENT NDAs project with the matter on the Farmland. As the purchase of the Farmland took place more than a decade before SDEV's appointment to the post,

Mr CHAN considered it unfair and groundless to accuse that SDEV was abusing his power for personal gain. Having regard to the size of the Farmland, he disagreed to the view that the land was purchased for hoarding in anticipation of gain from future land resumption.

17. Mr WU Chi-wai considered that a politically appointed official should not only follow the relevant rules in declaration of interests but should go beyond the basic requirements with a view to dispelling any suspicions of transfer of benefits involving the official himself. He held the view that the Administration could hardly take forward the NENT NDAs project as SDEV's integrity had been called into question.

18. Whilst noting that the Farmland was bought 19 years ago, Mr Alan LEONG considered that the matter of concern should be whether there was conflict of interests between the matter on the Farmland and SDEV's job after he took up the post. He considered that the decision to dispose of the Farmland by tender was a way to address allegation against SDEV about conflict of interests but the decision should have been made earlier.

19. Mr Ronny TONG opined that SDEV who had been a professional accountant and the President of the Hong Kong Institute of Certified Public Accountants should have a good understanding on matters of conflict of interests between an official and his family and policy measures the official had involved in the formulation. As the value of the Farmland could have appreciated in the past year, Mr TONG said that it was a mistake on the part of SDEV for not selling the Farmland immediately when he become aware last year that he would take charge of the NENT NDAs project. Coupled with public concern that SDEV or his family might hold interests on the Farmland through overseas registered companies, Mr TONG considered it difficult for the public to have trust in SDEV.

20. In response, SDEV reiterated that all along he had no interests in the Farmland. Following the sale of the shareholdings in the Company held by Orient Express on 10 October 2012, his wife and their children no longer had interests in the Farmland. Regarding Mr TONG's view that the arrangement to sell the Farmland should have been made earlier, SDEV explained that at that time, the Company was co-owned by his wife and her family members and only 37.5% of the shares in the Company were held by his wife through Orient Express, the Farmland could not be sold without the consent of his wife's family.

21. Dr Fernando CHEUNG pointed out that SDEV might be involved in determining the compensation for land resumption, hence might affect the

selling price of the Farmland to be put up for tender. SDEV expressed disagreement with Dr CHEUNG's view. He explained that part of the site where the Farmland was situated had been included in the proposed NENT NDAs and was originally planned for private development under the Recommended Outline Development Plans announced in June 2012. Following the completion of the Stage 3 public engagement exercise, the Planning Department had changed the proposed use of the site to development of the Home Ownership Scheme ("HOS") units and open space.

The revised development proposal of the North East New Territories New Development Areas project

22. Mr James TIEN said that the Liberal Party supported land development projects to help foster the long term development of Hong Kong. Stressing the importance to prevent delay in the NENT NDAs project, he urged DEVB to collaborate with other relevant bureaux in working out measures to address stakeholders' concerns over the project. He cautioned that it would be a lose-lose situation if majority of the land in a development area had been resumed but a few villagers refused to move out who had to live in a deteriorating environment.

23. Dr Fernando CHEUNG said that the incident arising from the Farmland had become a focus of public attention which had prevented the public from a rational discussion on the Revised Proposal. Dr CHEUNG queried that given SDEV's integrity problem how he could convince affected villagers to support the NENT NDAs project.

24. SDEV stressed that the NENT NDAs would be a major source of land supply for Hong Kong in the medium to long term. A total of 60 700 housing units, including 36 600 public rental housing flats and HOS units would be provided in the area. While the NENT NDAs project would inevitably affect some local residents and farmers, SDEV assured members that DEVB, the Planning Department and the Lands Department would proactively visit the affected residents and farmers to explain the Revised Proposal, and provide assistance where necessary. SDEV added that it was the own initiative of his wife to sell her stake in the Company in October 2012 and her family's decision to dispose of the Farmland by tender. Although they were not legally required to do so, these acts were to allay public concern and suspicion of potential conflict of interests he might have with the Farmland.

25. Mr CHAN Kam-lam opined that the NENT NDAs project was a challenge for the Administration in term of the project scale and the number of

residents to be affected. Mr CHAN stressed the need to address the requests of local villagers to facilitate implementation of the project. He opined that the Administration should consider some deputations' views to provide more private housing in the NENT NDAs besides public housing.

26. Dr Fernando CHEUNG said that the Green Sense had put forward a serious proposal to redevelop Fanling Golf Course for housing. In response to Dr CHEUNG, Mr Roy TAM of Green Sense said that the suggestion was raised as early as in September 2012 to resume part of Fanling Golf Course for housing development in lieu of clearing existing villages in the NENT NDAs. He explained that under the proposal, 80 000 people would be accommodated in the site of Fanling Golf Course. As regards planning for the NENT NDAs, Green Sense stressed that giant shopping malls and monopoly of retail outlets by large developers should be avoided.

27. Mr Albert CHAN considered that maintaining the local agriculture would help generate employment for farmers and reduce reliance on imported food. In response to Mr CHAN, Ms HO Ka-po said that the Administration had all along failed to see the need to promote agricultural development in Hong Kong and provide assistance to people engaged in agricultural practices.

28. Ir Dr LO Wai-kwok enquired about the types of industries the Administration would develop in the NDAs and the number of jobs to be created. Acting Assistant Director/Territorial, Planning Department responded that the Administration would reserve about 22 hectares ("ha") of land for commercial, research and development uses and about 380 000 square metres gross floor area would be earmarked for commercial and retail use. She advised that of the estimated 37 700 jobs to be created in the two NDAs, about half would be in the commercial and retail sectors which would be suitable for local residents with lower skill level. Ir Dr LO said that other relevant bureaux such as the Commerce and Economic Development Bureau should brief members on their plans and measures in meeting the target number of job opportunities in the NDAs.

29. Noting that concerns raised by deputations such as effectiveness of the agricultural land rehabilitation scheme and adequacy of transport facilities in the NENT NDAs straddled a number of policy bureaux, Ms Emily LAU urged DEVB to co-ordinate and cooperate with other relevant bureaux to explain the Revised Proposal to affected residents and address their concerns on the subject.

Response by the Administration

30. At the invitation of the Deputy Chairman, SDEV gave a consolidated response to the views expressed by deputations and members as follows -

- (a) Formulation of a sustainable agricultural policy for Hong Kong had been incorporated in the election manifesto of the Chief Executive ("CE"), and the task was under the purview of the Food and Health Bureau ("FHB"). In taking forward the NENT NDAs project, DEVB had cooperated with FHB in working out arrangements to facilitate affected farmers in the NENT NDAs to re-establish their farming practices in areas which were identified suitable for agricultural rehabilitation/resite. The Agriculture, Fisheries and Conservation Department ("AFCD") would continue to provide technical advice and support to farmers.
- (b) Hong Kong population had increased by about 400 000 in the past decade. According to the latest population projection of the Census and Statistics Department, the population of Hong Kong would increase by about 400 000 per decade up to 2039. Hong Kong would face a serious ageing problem and a significant rise in the elderly dependency ratio. The Steering Committee on Population Policy chaired by the Chief Secretary for Administration had undertaken to consider issues relating to population policy in a holistic manner and work out measures to optimize the demographic structure.
- (c) The suggestion to develop Fanling Golf Course for housing appeared for the first time around August/September 2012 when the Stage 3 public engagement exercise of the NENT NDAs Planning and Engineering Study ("NENT NDAs Study") was coming to an end. The Administration had included the site of Fanling Golf Course in the Preliminary Feasibility Study on Developing the New Territories North ("the NTN Study"). A plant nursery site of 1.5 ha granted to the Hong Kong Golf Club on short-term tenancy would be taken back and included in the current year's Land Sale Programme. It should be noted that the entire 170-ha golf course site could not be used for development of housing. Part of the land had to be reserved for provision of community and infrastructure facilities, as well as commercial and business use. Moreover, to ascertain the suitability of the Fanling Golf Course site for development, technical assessments and

studies as well as public engagement exercise had to be conducted which would take time to complete. As a number of planning and development studies had been conducted for the development of the NENT NDAs, and the two NDAs would be closely linked to nearby railway and road networks, the Fanling Golf Course site could not replace the two NDAs.

- (d) The two NDAs were the extension of the Fanling/Sheung Shui new town. The area would provide employment opportunities in commercial, retail, community services and hotel sectors etc., which would be suitable for residents with lower skill level. Land would be set aside in the NDAs for development of special and high value-added industries. It should be noted that about 80% of the population in the NDAs would reside within 500 metres of the proposed railway station or public transport interchanges. They would have easy access to public transport nodes for travelling to work outside the two NDAs, such as the proposed Hung Shui Kiu NDA and Lok Ma Chau Loop Area where some 100 000 and 29 000 jobs would be created respectively. Moreover, the two NDAs could capitalize on their proximity to the Fanling/Sheung Shui new town.
- (e) Provision of community facilities in the NENT NDAs would be in line with the requirements stipulated in the Hong Kong Planning Standards and Guidelines. Since under the Revised Proposal, floor space would be reserved for commercial facilities, including retail and dining facilities within the lower floors of residential development, as well as shops fronting major pedestrian walkways, the NDAs would provide different types of shopping experiences and choices. The development of the two NDAs would not follow the same path as the Tin Shui Wai New Town.
- (f) The Government would adopt the enhanced Conventional New Town Approach ("CNTA") as the primary mode for implementing the NENT NDAs project. Besides land resumption by the Government, flexibility would be provided for applications for lease modification (including in-situ land exchange) by owners of land planned for private development after paying land premium. While similar practice had been adopted in the development of new towns in the past, the Administration would adopt stricter requirements in allowing such applications, which were set out in

Appendix 2 to the Administration's paper (LC Paper No. CB(1)1461/12-13(01)).

(The Deputy Chairman ordered a break of fifteen minutes.)

(The meeting resumed at 11:26 am.)

Session Two

Presentation of views by deputations

31. The Deputy Chairman welcomed the Administration and deputations to the meeting. He reminded the deputations that when addressing the Panel during the meeting, they were not covered by the protection and immunity under LC(P&P)O and their written submissions were also not covered by the said Ordinance.

32. A summary of deputations' views was given at the **Appendix**.

Discussion

Land interests held by the Secretary of Development's family in the proposed North East New Territories New Development Areas

33. Mr Gary FAN disagreed with the statement made by SDEV's wife on 29 July 2013 that acquiring the Farmland was not for making profits. He said that as early as in 1993, there was already hearsay that Kwu Tung would be developed. According to Lands Department's records, there were also a lot of transactions involving purchase of agricultural land at that time.

34. SDEV replied that to his knowledge, the Company had no knowledge about what had happened to the land in the vicinity of the Farmland at the time of the purchase.

35. Mr Gary FAN said that SDEV's wife had claimed in a statement that her children did not hold any interests in the Farmland. Noting that Orient Express was owned by SDEV's wife and their son, Mr FAN queried the validity of the statement. In response, SDEV reiterated that his wife had issued a statement confirming that Orient Express held interests in the Farmland before 10 October 2012. As such, through Orient Express, his wife and their son held interests in the Farmland at that time. He emphasized that at that time, except through Orient Express, his wife and their son did not hold interests in any land in

NENT. Mr Gary FAN considered that SDEV had failed to give a clear account of the issue and had lied. SDEV remarked that Mr FAN's accusation was unfair and very misleading.

36. Mr Alan LEONG said that paragraph 3.4 of the Civil Service Code had provided that civil servants should declare any actual, perceived or potential conflict of interests that they might be involved to their supervisors. Mr Gary FAN enquired whether SDEV had included in his report made to CE in September 2012 the actual, perceived or potential conflict of interests between his job and the Farmland.

37. SDEV responded that he had reported to CE in September 2012 that his wife and his wife's family owned the Farmland and that his wife was a minority shareholder of the company holding the land. SDEV added that after he had become aware that the proposed plan for the NENT NDAs covered the Farmland, he discussed the matter with his wife who had subsequently sold her entire stake in the Company on her own initiative on 10 October 2012. In response to Mr Alan LEONG's enquiry on whether he had reported to CE about the sale of his wife's stake in the Company and whether the CE had given any instruction in light of the report, SDEV confirmed that he had reported to CE about the sale of his wife's shareholdings in the Company.

38. Mr Gary FAN queried whether it was accurate for SDEV to claim that he all along did not have interests in the Farmland, given that on behalf of the Company, SDEV had signed the relevant documentation and paid a deposit for the purchase of the Farmland in 1994. In reply, SDEV recalled that in his response to members' queries at the Panel meetings last week, he had confirmed that he had signed the provisional sale and purchase agreement for the purchase of the Farmland and it was the Company itself which had signed the formal sale and purchase agreement.

39. Ms Cyd HO said that a politically appointed official should not only observe the minimum requirements under the relevant rules and regulations, but should make sure that his integrity, political ethics and personal conduct met public aspirations. Ms HO recalled that a motion proposed by Mr Kenneth LEUNG and negated at the meeting on 26 July 2013 had urged SDEV to disclose information on the land and property which situated in the areas covered by the NENT NDAs project and held by himself, his spouse and relatives. While the media had identified some companies including overseas registered companies in connection with the Farmland, the family members of SDEV had released statements explaining the shareholding structure of only one of these companies. Ms HO enquired whether SDEV would clarify the

shareholding situation of the other companies and the controlling relationship among them.

40. In response, SDEV explained that it would be impossible for him to accede to the request in the motion as proposed by Mr Kenneth LEUNG as it involved the disclosure of relevant information relating to "his relatives", which entailed a wide scope, including the spouses of his siblings, or those of his wife's siblings. He reiterated that the statements issued by his wife had clarified her family's interests in the Farmland.

41. Mr LEUNG Kwok-hung was of the view that the statements made by SDEV and his family in response to media enquiries were in conflict. He urged SDEV to give a full account of the incident in order to dispel public concern. SDEV responded that he himself and his family had already said what they needed to say. He invited Mr LEUNG to point out the conflicts in the statements issued by him and his family.

[At this juncture, Mr LEUNG Kwok-hung walked towards SDEV with an object shaped like a coffin, grabbed the name plate in front of his seat and threw it on the floor. The Deputy Chairman ordered Mr LEUNG whose conduct was grossly disorderly to withdraw from the meeting. Mr LEUNG left the meeting venue with the assistance of security staff of the LegCo Secretariat yelling that SDEV should resign.]

42. Mr Gary FAN pointed out that paragraph 5.1 of the Code for Officials appointed under the Political Appointment System required politically appointed officials to avoid putting themselves in a position which might arouse any suspicion of dishonesty, unfairness or conflict of interests. He opined that SDEV had failed to comply with the requirement. Mr FAN asked if SDEV still considered that he could handle the NENT NDAs project in an honest and impartial manner and that there was no conflict of interests between his job and the Farmland.

43. SDEV reiterated that all along he held no interests in the Farmland. Also, his wife and their son no longer had interests in the Farmland since 10 October 2012. He said that to dispel public suspicions over his relationship with the Farmland, his wife's family had announced that they would put up the land for tender. SDEV said that there was no conflict of interests for him to take charge of the NENT NDAs project.

44. Mr Steven HO said that there were practical difficulties for a person to completely grasp the details of the finances of his family members for making

public disclosure. As regards the allegation that SDEV's job had facilitated his family or relatives to make profits from the Farmland, Mr HO considered that there was no necessary relationship between the two issues.

45. Mr Albert CHAN remarked that SDEV's family had stopped acquiring land in NENT after 1994 because they had shifted investment to sub-divided flats. As SDEV had become an obstacle in the implementation of Government policies and suitability for him to continue dealing with land development matters was called into serious question, Mr CHAN said that as long as SDEV remained in the post, the People's Power would consider using various means to paralyse DEVB.

46. Ms Emily LAU considered it difficult for SDEV to continue with his work in the NENT NDAs project as issues arising from his family's interests in the Farmland remained resolved. Mr Alan LEONG and Ms Cyd HO pointed out that the focus of discussion at Panel meetings over the past few days was on SDEV's integrity problem rather than the NENT NDAs project. Ms Cyd HO urged that for the benefits of Hong Kong people, SDEV should resign.

47. Dr Kenneth CHAN queried whether SDEV had considered himself a negative asset to the Government. Dr CHAN said that about 60% of the respondents to an opinion survey conducted by the media considered that SDEV should resign, and a lot of the respondents held the view that the NENT NDAs project should be withdrawn. Credibility on the Government had also been seriously undermined as more respondents had indicated that they did not trust the Government in the poll conducted by the University of Hong Kong in July 2013. Given the circumstances, it was doubtful if SDEV could carry out his work successfully and effectively in implementing Government policies and measures. As such, Dr CHAN asked whether SDEV would consider his resignation would be beneficial to the Administration and in the overall interest of Hong Kong.

48. In reply, SDEV stressed that he would continue to strictly adhere to rules and declaration requirements under the code for political appointed official and the relevant code for Executive Council Members. SDEV recalled that when the Panel was consulted on the NENT NDAs Study in June 2012, members belonging to different political parties and groups had expressed views urging the Administration to expedite implementation of the NENT NDAs project. In working out the Revised Proposal, the Administration had made its utmost efforts to take into account the public views received during the public engagement exercise of the Study.

49. Noting that there were views demanding SDEV to resign, Mr CHAN Kam-lam said that attacks on an individual's personal integrity should be substantiated by facts and with proper reasons. Mr Steven HO said that the public should consider whether it was a responsible move for SDEV to avoid involving in the NENT NDAs project merely because his relatives held interests in the Farmland purchased 19 years ago.

The revised development proposal of the North East New Territories New Development Areas project

50. Dr Fernando CHEUNG stressed that the Administration should adopt a people-oriented approach in planning the NENT NDAs project. Dr CHEUNG queried how SDEV would respond to residents' grievances against the project which would destroy their homes and disrupt their quiet rural life, as well as persuade residents to support the project. He enquired whether the Administration would adopt "organic planning" in developing Ping Che/Ta Kwu Ling ("PC/TKL") as suggested by the Hong Kong Institute of Architects ("HKIA"). He considered that the Administration should undertake that the future development in PC/TKL would not affect the rural life of local villagers.

51. SDEV responded that PC/TKL NDA was originally planned for lower density residential and special industry developments under the Recommended Outline Development Plan. Under the Revised Proposal, the NDA had been excluded from the NENT NDAs project. Future development for PC/TKL had been included in the NTN Study to be commissioned in 2014. SDEV considered it unscientific to draw any conclusion on the impact of future development on local residents before completion of the relevant study.

52. Mr Albert CHAN stressed the importance for the Government to formulate and execute public policies in a fair, just and reasonable manner. Mr CHAN considered that in light of public perception on the NENT NDAs project, it was difficult for the Administration to take the project forward at this stage. Mr Gary FAN urged that government officials should acknowledge the concerns raised by deputations and local residents over the project and address them.

53. Mr CHAN Kam-lam said that the NENT NDAs development would be important in meeting housing demand in Hong Kong in the long term. Mr CHAN urged the Administration to carefully examine impact of the project on villagers and suitably adjust the compensation and rehousing arrangements so as to address their concerns. Moreover, the Administration should take note

of concerns over issues such as screen-type buildings, high development density, ineffective agricultural land rehabilitation scheme etc.

54. Dr Fernando CHEUNG criticized that although the NENT NDAs project would destroy the homes of many villagers, the Administration had refused to resume Fanling Golf Course for developing housing to replace the project. He considered it illogical for the Administration to include the site of Fanling Golf Course in the NTN Study in view of its geographical location. Mr Gary FAN was of the view that the Administration was deploying delaying tactics by including Fanling Golf Course in the NTN Study.

Agricultural development in Hong Kong

55. Ms Emily LAU invited The Conservancy Association to elaborate on its views on the agricultural land rehabilitation scheme implemented by AFCD in assisting existing farmers. Mr NG Hei-man of The Conservancy Association said that the matching of farmers on the waiting list of the scheme with landowners willing to lease their farmland had been progressing very slowly. He called on the Administration to review and make improvement to the scheme before applying it to the NENT NDAs project.

56. Mr Steven HO concurred with deputations' views about the ineffectiveness of the agricultural land rehabilitation scheme. He enquired about measures to support the development of sustainable agriculture in Hong Kong, and how the Administration would assist tenant farmers engaged in vegetable farming in the NENT NDAs for decades to maintain their livelihood.

57. SDEV took note of the views on the agricultural land rehabilitation scheme. He said that the scheme might not fully address farmers' request to re-establish their farming practices in the NENT NDAs. As such, DEVB in collaboration with FHB was examining possible means to enhance the scheme. Apart from identifying land potentially suitable for agricultural rehabilitation/resite in Kwu Tung South, the Administration would consider looking into the feasibility of the suggestion to purchase private agricultural land to support agricultural rehabilitation/resite. He assured members that the Administration would continue to look for ways to refine the scheme.

58. In response to Ms Emily LAU, Mr Wallace CHANG of HKIA stressed the need for the Administration to achieve urban-rural integration (城鄉共融) and adopt "organic planning" in developing the NENT NDAs, under which local villagers could continue to live in the area and agricultural activities could co-exist with housing development. He considered that the Revised Proposal

appeared to lag behind the international trend in fostering urban-rural development, and urged the Administration to conduct a bottom-up consultation to engage affected villagers in the planning process.

Response by the Administration

59. Acting Assistant Director/Territorial, Planning Department advised that under the Revised Proposal, the core area of Long Valley (37 ha) would be designated as Nature Park, in which the existing agricultural land in Long Valley, in particular the wet agricultural land, could be preserved. Together with the "Agriculture"("AGR") zones in the north and south of the Nature Park (about 45 ha), there would be about 82 ha of agricultural land in the Kwu Tung North NDA which was equivalent to four times of the size of the Victoria Park in Hong Kong. She emphasized that although the Revised Proposal might not fully incorporate the idea of urban-rural integration as suggested by HKIA, it was a new planning concept adopted by the Administration to designate such a large piece of land in the centre of the NDAs for agricultural use. She advised that in working out the Revised Proposal, the Administration had carefully examined whether walled buildings could be avoided in the NDAs. She confirmed that without relaxing the building height restriction, all the proposed developments could be accommodated in the NENT NDAs under a coverage ratio of about 18%. She added that the Administration had conducted air ventilation assessments and had established relevant good urban design guidelines to ensure air ventilation in the area such as primary and secondary breezeways, permeable building design and building setbacks. Relevant parameters would be incorporated in the Outline Zoning Plans in future.

60. Permanent Secretary for Development (Planning and Lands) said that while the Administration had strived to minimize the impact of the NENT NDAs project on the existing residents and farmers in the area, it was inevitable that the proposed development would affect 28 ha of agricultural land. Apart from the 95 ha of agriculture land to be preserved in the two NDAs, the Administration had identified land zoned "AGR" in Kwu Tung South which was suitable for agricultural rehabilitation/resite. The relevant land owners should well understand that their land in the "AGR" zone would not be developed in the future and should be more willing to lease their land for farming on a long-term basis. He reiterated that DEVB, in collaboration with other relevant bureaux, had been studying possible ways to enhance the agricultural land rehabilitation scheme.

61. Regarding the suggestion to resume Fanling Golf Course for housing development, SDEV advised that the Home Affairs Bureau would conduct a review on the policy on private recreational lease. He explained that Fanling Golf Course was included in the NTN Study in view of its large size and the need to conduct relevant environmental impact assessment as well as other technical assessments and studies. All these studies, including public engagement exercise, would take years to complete. SDEV said that in planning the development of a new town, besides setting aside land for housing development, land had to be reserved for provision of infrastructure and community facilities, as well as for commercial and business uses to create jobs for the residents. As such, it would be inappropriate to assume the use of the entire site of Fanling Golf Course for housing. He stressed that the site of Fanling Golf Course could not substitute the NENT NDAs project.

II Any other business

62. There being no other business, the meeting ended at 1:26 pm.

Council Business Division 1
Legislative Council Secretariat
16 May 2014

Panel on Development

Special meeting on Tuesday, 30 July 2013 at 9:00 am
Meeting to receive views on "The revised development proposals
for the North East New Territories New Development Areas project"

Summary of views and concerns expressed by deputations/individuals

No.	Name of deputation/individual	Major views and concerns
Session One		
1.	Mr LIU Yun-cheong	<ul style="list-style-type: none"> ● Expressed support for the North East New Territories ("NENT") New Development Areas ("NDAs") project. ● The demand for "no removal, no demolition", rehousing and agricultural rehabilitation in-situ, huge compensation for land resumption and withdrawal of the NENT NDAs project were unreasonable.
2.	Ms YU Hin-pik	<ul style="list-style-type: none"> ● Implementation of the NENT NDAs project was at the expense of interests of local villagers and farmers. ● The Administration should promote the development of sustainable agriculture.
3.	Mr KWOK Ho-man	<ul style="list-style-type: none"> ● The existing transport facilities in NENT could not cope with the planned population in the NDAs. ● The agricultural land rehabilitation scheme was ineffective. ● The Administration should promote the development of local agriculture.
4.	Ms HO Ka-po	<ul style="list-style-type: none"> ● Agricultural activities and rural living style should co-exist in the NENT NDAs project. ● The Administration should preserve the rural culture and heritage of the NENT NDAs. ● The Administration should promote the development of sustainable agriculture.
5.	Green Sense	<ul style="list-style-type: none"> ● The Administration should consider measure to control population growth and review the quota of the one-way permit system to relieve pressure of housing demand.
6.	Ms HUI Sin-hang	<ul style="list-style-type: none"> ● Fanling Golf Course should be redeveloped for housing. ● Vacant land in the urban areas should be developed for housing.
7.	Mr WONG Chun-chiu	<ul style="list-style-type: none"> ● Expressed concern about timely provision of infrastructural and transportation facilities and employment opportunities

No.	Name of deputation/individual	Major views and concerns
		<p>to meet the needs of residents in the NENT NDAs.</p> <ul style="list-style-type: none"> ● The Administration should promote green industries and organic farming in NDAs. ● Fanling Golf Course should be redeveloped for housing.
8.	Mr Danny MAK Tse-ming	<ul style="list-style-type: none"> ● Expressed support for the NENT NDAs project. ● The Administration should ensure adequate provision of community and transport facilities for existing and future residents in the NENT NDAs. ● The Administration should increase the private-to-public housing ratio in the NDAs in order to create more jobs for the residents.
9.	Eco Association	<ul style="list-style-type: none"> ● The existing approach adopted by the Administration to provide compensation for the loss of wetland caused by land development projects was ineffective.
10.	The Association of North Point Merchants and Hawkers	<ul style="list-style-type: none"> ● Expressed support for the NENT NDAs project. ● Expressed support for the Secretary for Development ("SDEV") to continue leading the Development Bureau. ● Developing the rural area would help improve the living environment for villagers.
11.	Hong Kong Travel Agent Owners Association	<ul style="list-style-type: none"> ● Expressed support for the NENT NDAs project to promote tourism development in Hong Kong. ● Indigenous villagers in the NENT NDAs supported the NENT NDAs project to bring improvement to their living environment.
12.	Love China Hong Kong Alliance of Youth Cultural Societies	<ul style="list-style-type: none"> ● Presentation of views [LC Paper No. CB(1)1580/12-13(13)]
13.	Ms WONG Wai-ling, Yuen Long District Council member	<ul style="list-style-type: none"> ● Expressed support for the NENT NDAs project. ● The Administration should ensure adequate provision of community facilities and employment opportunities for residents in the NENT NDAs to prevent the same mistake in the development of Tin Shui Wai.
14.	Mr LIU Hing-hung, Sheung Shui Heung Indigenous Inhabitant Representative	<ul style="list-style-type: none"> ● The revised development proposal of the NENT NDAs project ("Revised Proposal") had not addressed villagers' objection to the extension of sewage treatment works in Sheung Shui Heung and their aspirations to expand the existing "Village Type Development" zone ("V" zone). ● The Administration should increase private housing in the vicinity of Sheung Shui Heung.

No.	Name of deputation/individual	Major views and concerns
15.	Mr LIU Chun-pang	<ul style="list-style-type: none"> ● The Administration should consider measure to control population growth. ● The Administration should allow "private sector participation" in implementing the NENT NDAs project. ● The Administration should consider villagers' request to expand the V zone of Sheung Shui Heung.
16.	消費正義	<ul style="list-style-type: none"> ● The Administration should ensure adequate provision of community facilities and employment opportunities for residents in the NENT NDAs to prevent the same mistake in the development of Tin Shui Wai.
17.	Tin Shui Wai Alliance	<ul style="list-style-type: none"> ● The Administration should ensure adequate provision of community facilities and employment opportunities for residents in the NENT NDAs to prevent the same mistake in the development of Tin Shui Wai.
18.	Tin Shui Wai Community Development Alliance	<ul style="list-style-type: none"> ● The Administration should ensure adequate provision of community facilities and employment opportunities for residents in the NENT NDAs to prevent the same mistake in the development of Tin Shui Wai. ● The NENT NDAs project should preserve the characteristics of local communities and avoid eviction of local residents. ● Public housing should be provided in the urban areas to ensure adequate employment opportunities.
19.	Justice and Peace Commission of the Hong Kong Catholic Diocese	<ul style="list-style-type: none"> ● Expressed concern that small land owners would be forced to move out, as under the Revised Proposal only large land owners were entitled to in-situ land exchange. ● Public housing should be provided in the urban areas to ensure adequate employment opportunities. ● Fanling Golf Course should be redeveloped for housing.
Session Two		
20.	The Hong Kong Institute of Architects	<ul style="list-style-type: none"> ● The Administration should ensure urban-rural integration (城鄉共融) and adopt sustainable urban design in the NENT NDAs project. ● Fanling Golf Course should be redeveloped for housing. Alternative site should be identified for meeting the recreation needs of Hong Kong people.
21.	Neo Democrat	<ul style="list-style-type: none"> ● The NENT NDAs project was to pave way for "China-Hong Kong integration". ● Fanling Golf Course should be developed for housing.

No.	Name of deputation/individual	Major views and concerns
22.	NENT Raiders	<ul style="list-style-type: none"> ● The NENT NDAs project should be withdrawn. ● The Chief Executive and SDEV should resign.
23.	The Conservancy Association	<ul style="list-style-type: none"> ● The Revised Proposal had failed to conserve the rural environment, preserve agricultural land, and integrate local community's economic activities with agricultural development. ● The agricultural land rehabilitation scheme might not be effective in assisting farmers to re-establish their farming practices.
24.	坪輦大埔田村村民李朝偉先生	<ul style="list-style-type: none"> ● The NENT NDAs project would disrupt the livelihood of local villagers and destroy their homes. ● The Administration should protect the squatter residents and farming households in Ping Che/Ta Kwu Ling from threat of land acquisition by developers. ● SDEV should not take charge of the NENT NDAs project due to land interests of his wife's family in Kwu Tung.
25.	Hong Kong Institute of Real Estate Administrators	<ul style="list-style-type: none"> ● Expressed support for the NENT NDAs project. ● The Administration should provide special ex-gratia compensation to households who had moved into the NENT NDAs after 1985 and before 1996.
26.	坪輦村村民許惠想女士	<ul style="list-style-type: none"> ● The proposed development in Ping Che/Ta Kwu Ling would lead to collusion between the Administration and the business sector.
27.	Mr CHUNG Yiu-wah	<ul style="list-style-type: none"> ● The Administration had disregarded the requests and interests of affected residents in taking forward the NENT NDAs project. ● SDEV should resign.
28.	坪輦昇平村村民譚志傑先生	<ul style="list-style-type: none"> ● Expressed opposition to the NENT NDAs project. ● The Administration had not consulted his village on the NENT NDAs project. ● The Administration should formulate policies to promote the local agricultural industry, and protect the ecology and the rural environment. ● SDEV should resign.
29.	大埔田村村民李文杰先生	<ul style="list-style-type: none"> ● The Administration had not protected affected residents and farmers in Ping Che/Ta Kwu Ling from threat of land acquisition by developers. ● SDEV should resign.

No.	Name of deputation/individual	Major views and concerns
30.	坪輦昇平村村民李葆恒女士	<ul style="list-style-type: none"> ● The Administration had disregarded the requests of affected residents to retain their homes and preserve rural life, in particular the elderly residents.
31.	Hong Kong Pig Raising Development Federation	<ul style="list-style-type: none"> ● The Administration should provide reasonable compensation to farmers affected by the NENT NDAs project. ● The Administration should promote sustainable agricultural development and develop a "comprehensive agricultural estate" to rent land to farmers and provide support for their farming activities.
32.	Farmket	<ul style="list-style-type: none"> ● The Administration should promote sustainable agricultural development, and provide subsidies and technical assistance to existing farmers engaging in agricultural activities in conservation areas. ● The Administration should develop a "comprehensive agricultural estate" to rent land to farmers and provide support for their agricultural activities.
33.	Federation of Hong Kong Agricultural Association	<ul style="list-style-type: none"> ● The Administration should allow re-housing in-situ, and provide land for interested farmers to continue farming. ● The Administration should develop a "comprehensive agricultural estate" to rent land to farmers and provide support for their agricultural activities. ● The proposed special ex-gratia compensation of \$600,000 under the Revised Proposal was insufficient.
34.	坪輦村村民黃祥建先生	<ul style="list-style-type: none"> ● The Administration had disregarded the requests of affected residents to retain their homes and preserve rural life, in particular the elderly residents. ● The Administration had not consulted his village on the NENT NDAs project. ● The Revised Proposal would facilitate collusion between Government and the business sector.
35.	Ms YIP Wing-lam	<ul style="list-style-type: none"> ● The public consultation for the NENT NDAs project was not genuine and not people-oriented. ● The NENT NDAs project should be withdrawn. ● SDEV should resign.
36.	Young DAB	<ul style="list-style-type: none"> ● The Administration should expedite the NENT NDAs project. ● The implementation approach to be adopted for the NENT NDAs project should ensure timely completion of the project.

No.	Name of deputation/individual	Major views and concerns
		<ul style="list-style-type: none">● The Administration should enhance the transparency of land exchange arrangements in the NENT NDAs project.
37.	坪輦村村民楊官平先生	<ul style="list-style-type: none">● Expressed concern that the NENT NDAs project would disrupt livelihood of his family which had been practicing farming in the area for many years.● The Administration should formulate a sustainable agricultural policy for Hong Kong.
38.	坪輦坪洋新村村民祝燕如女士	<ul style="list-style-type: none">● The NENT NDAs project only protected the interests of indigenous villagers and disregarded the needs of non-indigenous villagers and farmers.● The Administration should protect the interests of non-indigenous villagers who were under threat of land acquisition by developers.