

# 立法會 *Legislative Council*

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## **Report of the Panel on Development for submission to the Legislative Council**

### **Purpose**

This report gives an account of the work of the Panel on Development from October 2012 to June 2013. It will be tabled at the meeting of the Legislative Council ("LegCo") on 17 July 2013 in accordance with Rule 77(14) of the Rules of Procedure of LegCo.

### **The Panel**

2. The Panel was formed by the resolution of LegCo on 8 July 1998, as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters. The terms of reference of the Panel are in **Appendix I**.

3. For the 2012-2013 session, the Panel comprises 32 members. Dr Hon LAU Wong-fat and Hon Tony TSE Wai-chuen were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

### **Major work**

#### Land supply for housing

4. Shortage of land supply for housing developments in the past few years has resulted in soaring property prices and a long waiting list for public rental housing ("PRH"). The Administration's initiatives to

increase land supply for private and public housing was therefore one of the major focuses of the Panel's discussion in the 2012-2013 session. On 9 November 2012, a joint meeting was held with the Panel on Housing to discuss the short- to medium-term housing and land supply measures announced by the Chief Executive ("CE") in August 2012 and the "Hong Kong Properties for Hong Kong People" ("HKPHKP") measure. On 22 January 2013, a few days after CE had delivered his Policy Address which introduced more initiatives to increase land supply in the short, medium and long terms, the Panel held another discussion on land supply issues.

*Short- and medium-term measures to increase housing land supply*

5. The short- to medium-term housing and land supply measures announced by CE in August 2012 and January 2013 included the conversion of 36 "Government, Institution or Community" ("G/IC") and other Government sites, 13 devegetated, deserted or formed Green Belt sites, and 16 industrial sites to residential use; continuation of Government-initiated land sale; appropriately increasing the development density of unleased or unallocated residential sites; actively considering relaxing or lifting a moratorium that restricted the sale of new land or modification to lease in Pok Fu Lam and the Mid-Levels; expediting four development projects including the former Diamond Hill Squatter Areas and former Cha Kwo Ling Kaolin Mine, etc. The target was to develop land for supplying 75 000 new PRH units over the five years starting from 2012-2013, 5 000 Home Ownership Scheme ("HOS") units annually for the four years from 2016-2017, and 20 000 private residential units in each year.

6. On the conversion of 36 G/IC and Government sites for housing developments, Panel members stressed the need to strike a balance between provision of housing and development of community facilities, and to address local residents' concerns in the consultation process. As regards turning Green Belt sites to residential use, members emphasized that conserved land and country parks must not be affected. With respect to the review of industrial sites and redeveloping industrial buildings, some members called on the Administration to accelerate the rezoning of under-utilized industrial sites into Comprehensive Development Areas. The Administration assured members that before proceeding to rezone a G/IC or Government site for housing development, it would listen to the views of the relevant District Councils and local communities, and address their concerns as far as possible. Each case would be considered on its own merits and the relevant circumstances. For those sites in Green Belt

areas that had been reviewed by the Planning Department ("PlanD") for possible housing developments, the Administration stressed that they were either devegetated or deserted and had no conservation value. On industrial sites, PlanD had conducted three rounds of review of industrial land since 2000. Subsequently, some 253 hectares ("ha") of industrial land had already been rezoned to non-industrial uses. PlanD would commence another round of review of industrial land in 2013 with a view to examining the possibility of converting more industrial land to other uses, including residential use.

7. Panel members generally welcomed the continuation of the Government-initiated quarterly land sale to maintain a steady supply of residential land. Some members suggested that the List of Sites for Sale by Application ("the Application List") be withdrawn so that the Administration could fully take the lead in the supply of residential sites. There were also suggestions that some sites on the Application List of suitable sizes be allocated for subsidized housing developments, including PRH and HOS units. Taking these views into consideration, the Administration took out a site in Tseung Kwan O from the Application List for the Hong Kong Housing Authority to develop HOS buildings. In February 2013, the Administration announced its decision to abolish the Application List system in February 2013.

#### *Hong Kong Properties for Hong Kong People*

8. The Administration announced in August 2012 the introduction of the HKPHKP measure as a pilot scheme with the objective of giving priority to Hong Kong Permanent Residents ("HKPRs") when making land available for residential development. Under the measure, for selected Government sites, restriction would be imposed so that, for a period of 30 years commencing from the date of the relevant land grants, the residential flats constructed on such sites must be sold only to individuals who are HKPRs.

9. When the subject was discussed at a joint meeting of the Panel on Development and the Panel on Housing on 9 November 2012, some members enquired about the legal basis for restricting the sale and re-sale of flats under the policy to HKPRs for 30 years and whether such requirement would be binding on future terms of Government. Some members considered that there was a need to impose conditions under the HKPHKP measure to give priority to first-time home-buyers for acquiring homes. They held the view that if there was no differentiation between property purchases for investment or home ownership under the measure,

the purpose of meeting the housing needs of Hong Kong people would not be achieved.

10. The Administration explained that the HKPHKP measure was not intended to be a subsidized housing policy, hence no restriction would be imposed to require that the buyers must be first-time home-buyers and that the properties must be used for self-occupation. For the implementation details, they were being worked out and would be incorporated to the land sale conditions of two sites located at the Kai Tak Development Area which would be put up for sale in the first quarter of 2013.

*Long-term measures to increase housing land supply*

11. Members pointed out that it would not be fruitful to increase land supply in a piecemeal approach. Some members called on the Administration to draw up an overall plan for creating land to meet Hong Kong people's housing need in the next 5 to 10 years. The Administration acknowledged the need to make long-term and rigorous solutions to solve the serious housing shortage problem. As such, as announced in CE's 2013 Policy Address, the Administration would continue to study long-term measures including reclamation outside Victoria Harbour, development of rock caverns, underground space, Lantau Island (Tung Chung New Town Extension), New Development Areas ("NDAs") in North East New Territories ("NENT") and Hung Shui Kiu, and to conduct a review of deserted agricultural land in the North District and Yuen Long. As a new initiative, PlanD would undertake a planning study to identify further development opportunities in North NT (including land released from the Frontier Closed Area) with a view to developing a modern new town of a scale similar to that of the Fanling/Sheung Shui New Town.

Reclamation outside Victoria Harbour and rock cavern development

12. The Administration started a consultancy study in July 2011 to launch a search for potential reclamation sites, identify suitable existing Government facilities for relocating to rock caverns so as to release land for residential and other uses, and conduct relevant technical assessments. In conjunction with these technical studies, the Administration launched the "Enhancing Land Supply Strategy: Reclamation outside Victoria Harbour and Rock Cavern Development -- Stage 1 public engagement" ("Stage 1 PE") in November 2011. In his 2013 Policy Address, CE said that the Administration would press ahead with reclamation outside Victoria Harbour to build up land reserve to meet Hong Kong's long-term demand for land supply, while endeavouring to keep the impact on the environment

and marine ecology to a minimum. According to the Administration, reclamation outside Victoria Harbour would also allow relocation of unpleasant or special industrial facilities in the urban areas to reduce impact on local community. Public fill generated by other land supply options could also be handled by reclamation. In April 2013, the Administration briefed the Panel on the Stage 2 PE, during which the public would be consulted on five proposed near-shore reclamation sites, namely Lung Kwu Tan, Ma Liu Shui, Tsing Yi Southwest, Siu Ho Wan and Sunny Bay at Lantau North, the proposed studies of constructing artificial islands in the central waters (between Hong Kong Island and Lantau), and the proposed relocation of three Government facilities (Diamond Hill Fresh Water and Salt Water Service Reservoirs, Sai Kung Sewage Treatment Works and Sham Tseng Sewage Treatment Works) to rock caverns.

13. Members held diverse views on carrying out near-shore reclamation and constructing artificial islands as a means to increase the long-term supply of land. While some members considered that reclamation had been a major source of land supply in the past and artificial islands had the advantages of causing less adverse impact on the natural shorelines, some members held the view that the Administration should not proceed with such initiatives before it had made the best use of the existing land resources. Noting that the total area of potential reclamation sites including the five near-shore reclamation sites and possible artificial islands in the central waters amounted to about 2 000 to 3 000 ha, some members held the view that without a population policy in place, the purpose for increasing such a huge area of land would become obscure, since it was not clear for how many people the new land was created. The Administration agreed that a population policy was key to the future development of Hong Kong and advised that the Steering Committee on Population Policy, chaired by the Chief Secretary for Administration, was studying the matter and a report would be released soon. While implementing short- to medium-term measures to increase housing land supply to address the pressing demand for housing, the Administration considered it essential for the future development of Hong Kong to study long-term measures such as reclamation for creating a land reserve and providing land for building more spacious housing units for those who wished to improve their living environment.

14. The Panel held a special meeting on 1 June 2013 to receive public views on reclamation outside Victoria Harbour and rock cavern development. More than 120 individuals/deputations attended the meeting to express their views. Some deputations opposed to reclamation on the ground that it would adversely affect the environment and the

engineering works would be expensive. They considered that the Administration should make use of under-developed land in the New Territories instead of destroying the shorelines. Some deputations criticized that the Administration had not provided sufficient information to the public about the planning and land uses of the proposed reclamation sites. Some were supportive of reclamation outside Victoria Harbour and rock cavern development as an option to increase housing land supply and opined that the impact of reclamation works on the environment could be minimized using the latest technology. There were concerns about developing new residential sites at Ma Liu Shui in view of the possible adverse impact that the development might have on the living environment, traffic conditions and demand for community facilities in Sha Tin. The Administration explained that the purpose of the Stage 2 PE was to seek public views on the proposed sites. It would analyse the views collected and refine the reclamation proposals. Funding application for the reclamation sites would be made at the earliest opportunity to conduct engineering feasibility studies and environmental impact assessments of individual projects to confirm the boundaries of the reclamation areas.

#### Planning and engineering studies on land development projects

##### *The North East New Territories New Development Areas Planning and Engineering Study*

15. The NENT NDAs (comprising the Kwu Tung North NDA, the Fanling North NDA and the Ping Che/Ta Kwu Ling NDA) and the Hung Shui Kiu NDA were included as one of the 10 major infrastructure projects in the 2007-2008 Policy Address. The Administration has stressed that the NENT NDAs are a major source of land supply and will play an important role in addressing Hong Kong's long-term housing needs. According to the Recommended Outline Development Plans ("RODPs") for the NENT NDAs announced in the Stage 3 PE for the Planning and Engineering Study on the NENT NDAs, the NENT NDAs will provide 533 ha of developable land, including 150 ha of housing land supply to provide some 53 800 residential units to accommodate about 151 600 people and about 52 000 local employment opportunities. On 30 October 2012, the Administration briefed the Panel on the public comments received from the Stage 3 PE, which had been completed in September 2012. In view of the great controversies aroused from the proposed NENT NDAs project, the Panel held two special meetings in December 2012 to receive public views on the subject. The two meetings were attended by 200 deputations and individuals, including villagers who would be affected by the proposed project.

16. Panel members pointed out that it was of paramount importance for the Administration to increase the development intensity and the public-private housing ratio of 43%: 57%, and to adopt the HKPHKP measure in the proposed NDAs. Otherwise, it would be difficult to remove the suspicions among some members of the community that the project was aimed at providing a "backyard for rich Mainlanders" and promoting "Hong Kong-Shenzhen unification" rather than addressing Hong Kong people's housing need. The Administration undertook to make adjustments to the RODPs by appropriately increasing the development intensity and the public-private housing ratio. It would also identify sites for HOS developments and take forward the HKPHKP measure for private housing sites as appropriate.

17. Under the RODPs, to facilitate farmers currently working in the areas covered by the proposed NDAs to continue their agricultural activities, the core area of Long Valley within the proposed Kwu Tung North NDA, which has a size of about 37 ha, is designated as a Nature Park where agricultural activities could continue under the Administration's management. Two pieces of land to the north and south of the Nature Park totalling about 45 ha, together with a piece of land in Fu Tei Au in the Fanling North NDA of about 9 ha, will be maintained as "Agricultural" zones, in which farming activities could continue to be practised. Some members expressed concern that the proposed Nature Park and the "Agricultural" zones could not provide sufficient land for all the affected farmers to continue their agricultural activities. Moreover, most of the farmers would not be willing to abandon the farmland which they had been cultivating for a long time and to re-start their farming practices in new places. The Administration responded that with the implementation of the NENT NDAs project, it was inevitable that some farmers would not be able to continue their agricultural practices in-situ. The Agriculture, Fisheries and Conservation Department ("AFCD") would assist them by connecting them with farmland owners who were interested in selling or leasing their land to them. The Development Bureau was working closely with the Food and Health Bureau and AFCD with a view to providing further assistance to the affected farmers, including identifying land suitable for agricultural rehabilitation mainly within the "Agriculture" and "Green Belt" zones in the vicinity of the proposed NENT NDAs.

18. Some villagers living in the areas covered by the proposed NENT NDAs strongly requested that the land resumption/clearance following the implementation of the NENT NDAs proposals should not disrupt their efforts in establishing their homes as well as community networks in NENT. They had a strong wish for continuing their rural living in-situ. Some

members were concerned that some villagers would be forced to move out by the developers who had acquired land in the areas and were waiting for the best opportunities to generate huge profits from developing the land in tandem with the implementation of the NENT NDAs project. They urged the Administration to actively address the needs and concerns of the affected villagers, in particular their requests for in-situ rehousing. The Administration remarked that land resumption and clearance were unavoidable when developing NDAs and some residents in the areas would inevitably be affected. The Administration had reserved a site of about 3.2 ha in the Kwu Tung North NDA to provide local rehousing for eligible affected households. Moreover, the Administration was reviewing the existing compensation and rehousing arrangements, having regard to the past experiences in major public works projects, with the objective of working out better arrangements that could take better care of residents affected by the Administration's land resumption and clearance exercises. For those villagers who were under threat of land acquisition by developers, the Administration suggested that they should approach the Social Welfare Department or the Police, as appropriate, for assistance.

19. The Administration indicated during the Stage 3 PE that the Conventional New Town Approach ("CNTA") would be adopted for the implementation of the proposed NENT NDAs project. Under CNTA, the Government would resume and clear all the private land planned for public works projects, public housing and private developments, carry out site formation works and provide infrastructure before allocating land for various purposes including disposal of the land planned for private developments in the market. The Administration advised that whether some kind of flexibility could be built in for another approach, namely the private-sector participation ("PSP") approach, in implementing the NDAs project would depend on whether it could address the need for timely provision of housing supply, including the supply of HOS units, and public perception of this approach.

20. The views of Panel members and deputations on the implementation approach to be adopted for the project were diverse. Those who supported CNTA considered that the adoption of CNTA would allay the public concern about Government policies being tilted in favour of the private sector, and would also discourage private developers from requiring the residents to leave their homes on the land assembled by these developers. Those who objected to adopting CNTA held the view that as the Government should resume private land under the Land Resumption Ordinance (Cap. 124) only when the land was required for a public purpose, the Government would be subject to legal challenge if it resumed land for



the purpose of reselling it for private housing developments. There were views that some landowners would also raise objection to the Government's resumption of land as they would be deprived of the opportunities to participate in the development of NENT. Some deputations suggested that the Administration should allow land exchange and issue land exchange entitlements (similar to Letters A and B issued before 1983) to the affected landowners other than making land compensation. Some members queried whether most of the public money to be expensed on resumption of private land, estimated to be around \$40 billion, would go to the pockets of some property developers who had already acquired a considerable amount of land in NENT since the late 1990's. Other members opined that in deciding on an implementation approach, the key consideration was the provision of new housing supply in NENT within the shortest time to address the acute housing shortage problem. The Administration reiterated that under CNTA, it could have greater certainty, ensure timeliness and take the lead in the implementation of a development project. It assured members that it would duly consider all the comments received in the Stage 3 PE, including the views that CNTA would likely be subject to legal challenges, before making a final decision. The Administration's plan was to publish the Stage 3 PE Report around mid-2013 before commencing the statutory planning procedures and other preparation work associated with the NENT NDAs project, including communicating with affected villagers on the compensation and rehousing arrangements for land resumption and clearance.

21. Having listened to the views of deputations and affected villagers on the NENT NDAs proposal, the Panel passed a motion at the meeting on 15 December 2012 urging the the Administration to withdraw the proposal, immediately stop the misleading media campaign concerned and formulate agricultural policies to protect local farmland and develop local agriculture.

*Planning Study on Future Land Use at Anderson Road Quarry -- Final Recommended Outline Development Plan*

22. In March 2013, the Administration consulted the Panel on the proposals under the draft Recommended Outline Development Plan for the future land use of the Anderson Road Quarry site. The Panel noted that the private-to-subsidized housing ratio of the future residential development at the quarry site was proposed to be 80:20. In view of the great demand for public and subsidized housing units, some members held the view that the ratio should be adjusted to increase the supply of PRH and HOS units at the site. The Administration explained that in working out the proposed ratio, it had taken into account the housing mix in the Sau

Mau Ping area, where the quarry site was located. Given that the Sau Mau Ping area was predominantly occupied by subsidized housing, the proposed private-to-subsidized housing ratio of 80:20 at the quarry site would redress the currently imbalanced housing mix in the area. Some members pointed out the Administration should look at the housing mix in the urban area as a whole, not only focusing on Sau Mau Ping, in maintaining a balanced housing mix. Therefore, more public housing units should be provided at the quarry site.

23. Panel members also expressed concern on the traffic impact arising from the proposed developments at the quarry site, together with the Development at Anderson Road project (a public housing project), on the road network in Kwun Tong and Tseung Kwan O. The Administration advised that subject to the road/junction improvement measures, the transport network should be capable of handling the cumulative traffic to be generated by the new developments. It assured members that all proposed road improvement measures would be completed before the population intake of the quarry site.

*Planning and Engineering Study on Future Land Use at the Ex-Lamma Quarry Area at Sok Kwu Wan, Lamma Island -- Feasibility Study: Stage 1 Community Engagement*

24. PlanD and the Civil Engineering and Development Department ("CEDD") commissioned the Planning and Engineering Study on Future Land Use at the Ex-Lamma Quarry Area ("the Study Site") at Sok Kwu Wan, Lamma Island -- Feasibility Study in January 2012. In January 2013, when the Stage 1 Community Engagement exercise of the Study was in progress, the Administration consulted the views of the Panel on the two initial land use options formulated. Under Option 1, housing developments accommodating a population of 5 000 to 7 000 are the major land uses. Option 2 features a number of tourism and recreational facilities which aim to enhance the tourism appeal of the Study Site. Housing developments will also be provided but in a lower density profile.

25. Members pointed out that development of land should be considered on the suitability and the environment of individual sites. In view of the rural character of Lamma Island, some members urged that the Administration should consider, as one of the potential land use options, converting the Site to a country park or an eco park. Some suggested that the scope of the Study should be expanded to include the planning for the whole island, since Lamma Island had great room for ecology conservation initiatives as well as development of tourism, leisure facilities and housing.

Noting that provision of subsidized and private housing at the Study Site had been proposed under the two initial land use options, some members stressed the importance of providing sufficient employment opportunities on the island and enhancing the external connectivity of the island for the additional population intake.

26. The Administration said that it kept an open mind to any suggestions on the future use of the Study Site. Consideration could be given to incorporating some elements of an eco park into the future development at the Site. The proposed land use options included the preservation of the man-made lake on the island and, based on the preliminary recommendations of an ecological study, the conservation of attributes with ecological value. Some of the proposed facilities, such as the parks, the hotel and the eco-tourism centre, would serve the purpose of providing employment opportunities. However, as the scale of the future developments at the Site was modest, the number of jobs that could be generated would be limited. Ferry services would be the major means of external transportation for the residents of the future developments at the Site. With the construction of the proposed new pier, the ferry services would be improved to cater for the residents' transportation needs.

#### *Tung Chung New Town Extension Study*

27. The Administration consulted the Panel in May 2013 on the initial land use options formulated for the Tung Chung New Town extension under the Stage 2 PE of the Tung Chung New Town Extension Study. Based on the public comments received in the Stage 1 PE, the Administration had proposed that the direction of the extension of Tung Chung New Town was to provide land through reclamation in Tung Chung East and to develop fallow agricultural land and apply limited reclamation in Tung Chung West. Two initial land use options, namely, "livable town" to house more population up to 110 000 and "economic vibrancy" to create a regional commercial hub alongside housing supply with a population of 95 000, have been devised for Tung Chung East to meet different objectives and development needs.

28. Members in general welcomed the Administration's initiatives on exploring the development potentials and opportunities of Tung Chung, given that the planning of the existing Tung Chung New Town was not satisfactory. They urged for a balance of housing mix between private and public housing as well as preservation of the heritage and ecology of Tung Chung. In planning the extension areas, the Administration should accord priorities to providing adequate community facilities and open space,

improving the internal and external connectivity of Tung Chung, promoting economic development in Tung Chung, and complementing the development of North Lantau. The Administration advised that the proposed maximum reclamation of about 14 hectares in Tung Chung West would only be confined to the north-eastern part of Tung Chung Bay, an area with a lower ecological value. The Administration would consolidate public comments received during the Stage 2 PE and formulate an outline development plan for further public engagement.

*Planning and Engineering Study for Housing Sites in Yuen Long south -- Stage 1 community engagement*

29. The Planning and Engineering Study for housing sites in Yuen Long south ("YLS") is a project under the Administration's initiative to explore the possibility of converting into housing land some 150 ha of agricultural land in Yuen Long and the North District currently mainly used for industrial workshops or temporary storage, or which is deserted. The Administration consulted the Panel in April 2013, when the Stage 1 community engagement of the Study was underway, on the planning issues and guiding principles for the development in YLS.

30. In view of the imminent need for housing land, Panel members generally welcomed the Study and supported the guiding principles for the Study, i.e., to turn the degraded brownfield land in YLS to beneficial uses, to optimize the development potential of the area, and to improve the existing living environment in the area, etc. Some members urged the Administration to pay due regard to the impacts of the proposed development on the existing residents and occupants of the sites, such as users of storage facilities, farmers etc. Furthermore, there were views suggesting that to enhance the effectiveness of the public consultation process for the Study, the Administration should draw up a development proposal as early as possible to seek stakeholders' views. In response, the Administration advised that, in light of past experience, it would make improvement on its public engagement exercises conducted for planning projects. Having regard to the public views collected through the Stage 1 community engagement exercise as well as the findings of initial technical assessments, the Administration would draw up the preliminary outline development plan for developing housing sites in YLS, which would serve as the basis for the Stage 2 community engagement.

Progress report of Energizing Kowloon East Office and its continuing operation

31. "Energizing Kowloon East" is an initiative under the 2011-2012 Policy Address to transform Kowloon East, an area comprising the Kai Tak Development ("KTD"), Kwun Tong and Kowloon Bay, into an alternative core business district ("CBD") with around 4 million square metres of office space to be delivered in the next 20 years. The Administration briefed the Panel in January 2013 on the progress of this initiative as well as a staffing proposal to extend two supernumerary directorate posts at the Energizing Kowloon East Office ("EKEO") for four years up to 30 June 2017 to continue to provide professional support in taking forward the initiative.

32. While members in general supported the proposed longer-term set-up of EKEO to oversee the transformation of Kowloon East into an alternative CBD, some members opined that the achievement of the Office had only been limited in the past year and it should keep the public informed of the target completion dates for the major action items under the EKE initiative. The Administration explained that while KTD was a new development area that enabled it to take an active role in putting plans into action, Kwun Tong and Kowloon Bay were developed areas with more than 300 privately owned buildings, of which the redevelopment required private initiatives and cooperation. Although Kowloon East had the potential for providing a large amount of office floor area, it was difficult for the Administration to ascertain the amount of new office space that could be made available at a given time. The Administration assured members that EKEO would continue to provide one-stop coordination and advisory service to land development proposals from the private sector and explore incentives for redevelopment and conversion proposals to facilitate the transformation of the old industrial areas.

33. The Panel noted that there were more than 500 establishments operating cultural and creative workshops in Kowloon East. Members were concerned about the possible livelihood problems that these establishments, including art, music and film studios, would face as a result of the surging rents of the building units housing them. Some members criticized that, with a focus on commercial development, the implementation of the EKE initiative would expedite the sale of the industrial buildings by their owners, hence forcing more arts and cultural establishments to move out. Given that these establishments had built up a strong interface with their clients over time in the district, members requested that, to ensure that this interface would not be damaged by the

commercial developments in Kowloon East, the Administration must, through the extended period of the operation of EKEO, identify and approach each of these establishments to assess the impact of the transformation on them, understand their concerns and assist them in continuing their operation in Kowloon East. The Administration stressed that one of the guiding principles of the EKE initiative was to promote diversity. It assured members that it attached great importance to the task of continuously engaging various stakeholders including individuals/groups undertaking arts and cultural work in the planning of Kowloon East. EKEO would strive to identify suitable spaces to accommodate arts and cultural groups so that they could continue their operation in Kowloon East.

34. On members' concerns about the internal and external connectivity of Kowloon East, the Administration advised that LandsD was liaising with concerned owners of industrial buildings in the district on the implementation of a footbridge network in Kowloon Bay. In addition, to improve the accessibility from the Kowloon Bay Mass Transit Railway ("MTR") Station to the Kowloon Bay Business Area and further to the waterfront of KTD, the Administration would commission a study to examine the improvement required for enhancing the pedestrian connectivity in the district. The Administration also undertook to consider a member's suggestion on the provision of underground streets in the congested areas in Kwun Tong. It advised that the proposed Environmentally Friendly Linkage System would connect the Kowloon Bay MTR Station with KTD, where it would interchange with the Kai Tak Station of the Shatin to Central Link, go along the former airport runway before terminating at the Kwun Tong MTR Station, hence enhancing the connectivity of KTD, Kowloon Bay, Kwun Tong with other parts of the territory.

### Building safety

#### *Legislative amendments for the introduction of the Signboard Control System*

35. The existence of unauthorized signboards is a persistent building safety problem in Hong Kong. It is estimated that there are about 190 000 unauthorized signboards in the territory. While many of them are in active use by business operators, others are simply abandoned. In order to enhance the safety of existing unauthorized signboards, the Administration has proposed that a Signboard Control System ("SBCS") be introduced in a way similar to that for prescribed building works (i.e. unauthorized small

canopies, drying racks and supporting frames for air-conditioners) under the Building (Minor Works) Regulation (Cap. 123 sub. leg. N) ("B(MW)R").

36. While Panel members generally welcomed the introduction of SBCS, some members queried the efficacy of the initiative at this late stage when there were already 190 000 unauthorized signboards causing safety concerns and nuisances. They urged BD to strengthen its manpower resources and work out a clearance action plan to take rigorous enforcement actions against unauthorized signboards, in particular those abandoned ones which were without proper maintenance. The Administration explained that about 85% of the existing unauthorized signboards, i.e. around 160 000, could be validated under the proposed SBCS. These signboards were relatively small and posed less potential hazard. The larger unauthorized signboards would be subject to BD's enforcement actions, including large-scale operations against unauthorized buildings works ("UBWs") taken from time to time. In the period from 2006 to 2011, BD had issued 10 900 Dangerous Structure Removal Notices against dangerous or abandoned signboards and demolished 18 200 such signboards. By conducting safety assessments, BD had identified those unauthorized signboards that warranted priority enforcement actions. BD undertook to keep its manpower plan under constant review to enhance the efficiency of enforcement work.

*Enforcement strategy in relation to unauthorized building works cases with major public concerns*

37. In June 2012, there were media reports that possible UBWs had been found in two properties owned by the then CE-elect. The buildings involved were Houses 4 and 5 at Yue Hei Yuen, No. 4, Peel Rise. BD conducted inspections at the premises on 21 and 22 June 2012. On 23 November 2012, CE issued a statement giving his account of the matter. On 27 November 2012, BD issued a press release about its follow-up actions on the UBWs at the two houses at Peel Rise. According to the press release, BD staff noticed that the position of part of the external wall of the original store room on the lower ground floor of House 4 did not match with that shown on the original approved building plans. As such, when responding to media enquiries, BD had stated that the department would follow up with the Authorized Person ("AP") appointed by the owner. BD had issued a letter to the owner and his AP on 27 June 2012 requesting information on the construction and purpose of the wall in question. As at 27 November 2012, the information was not yet available and BD had issued three written reminders to the AP. This has aroused

criticisms that the Administration has been covering up the delay of the owner and the AP in giving a reply to BD. At the same time, BD had instigated a criminal investigation on the construction of UBWs at the residence of Mr Henry TANG, a former CE candidate, at Nos. 5A and 7, York Road, Kowloon Tong. There were concerns about whether BD took its enforcement work against all UBWs in an impartial manner in accordance with the existing enforcement policy. The Administration was invited to discuss the related issues with the Panel on 7 January 2013.

38. In response to some members' queries about whether BD had adopted double standards in handling the York Road case and the Peel Rise case, both of which appeared to involve misrepresented documents to the Buildings Authority, the Administration stressed that there was no question of BD applying double standards in handling the two cases. It asserted that in the Peel Rise case there was no information showing that the AP submitting the building plan for the building project had participated in the erection of the UBWs, whereas in the York Road Case, there were media reports containing substantive information, including photographs and documents, showing the situation of building works under construction with material deviations from the approved plan but matching with the UBWs recently identified on site, apparently with the knowledge of the AP. The Administration considered that for UBWs cases not involving substantive information about submission of misrepresented documents, it would be unnecessary and intrusive to conduct a criminal investigation. It stressed that BD had been taking enforcement actions against UBWs independently, professionally and impartially, without making any special arrangements because of the identity of the owner concerned.

39. Referring to CE's remarks in his statement made on 23 November 2012 that he had built a wall to brick off an unauthorized floor space at the lower ground floor of House 4 to make the space inaccessible, members asked if sealing up the unauthorized space with a brick wall was acceptable to BD as a rectification measure. In response, the Administration advised that merely building a brick wall to block the access to an unauthorized floor space was not an acceptable rectification measure. To properly rectify the irregularity, the owner should make the space completely inaccessible and unusable, such as filling the space with soil or lean concrete or erecting frames inside and across the space.

#### Regulatory control over lift and escalator safety and related issues

40. In the light of a lift plunge incident occurring on 2 March 2013 in North Point injuring several passengers, the Panel invited the



Administration to brief members on the regulatory control over lift and escalator safety in Hong Kong at the meeting on 26 March 2013. Some members queried why the irregularities of the lift in question had not been identified before the incident occurred. They suggested that the Administration should explore the use of new technology to enhance the effectiveness of its on-site checks. The Administration advised that under the Lifts and Escalators Ordinance (Cap. 618), every lift must undergo maintenance works by a registered contractor at least once a month and an examination by a registered lift engineer at least once a year. The Electrical and Mechanical Services Department ("EMSD") would continue to conduct audit inspections on lifts according to a risk-based approach. Under this approach, lifts were selected for inspections taking into account the information provided by registered contractors as well as the assessed risks by EMSD in respect of years of service of the lift, complaints, incidents and past performance of the relevant registered contractors. Some members pointed out that the Administration should consider whether the risk-based approach adopted for audit inspections of lifts was effective in preventing the occurrence of lift incidents. They suggested that if an inspection by EMSD indicated that certain equipment or machinery of a lift should be replaced after a certain period, the department should schedule a follow-up check on-site to ascertain that the replacement had actually been made.

41. Noting that the Code of Practice for Lift Works and Escalators Works required that certain work items should be carried out by at least two lift workers working together, some members pointed out that according to the trade associations and some lift workers, many registered contractors had not met the requirement. In general, workers would not report non-compliances of their employers to EMSD out of the fear that they would be sacked. Members called on the Administration to work out a better mechanism to detect the malpractices in the industry. The Administration advised that it was considering conducting a survey, not requiring the respondents to identify themselves, in the industry with a view to collecting accurate information about the existing trade practices. The Administration assured members that it would keep a closer watch on the operation of the industry through working with the Lift and Escalator Safety Advisory Committee, which would be set up soon.

## Heritage conservation

### *Policy and matters relating to preservation of historical remains discovered at works sites*

42. Following media reports in September 2012 about the discovery of possible historical remains at the works site of the MTR Corporation Limited at Harcourt Garden in Admiralty, the Administration was invited to brief the Panel on the case and the existing administrative and statutory measures for the preservation of archaeological heritage in Hong Kong.

### *Progress report on heritage conservation initiatives*

43. The Administration regularly updates the Panel on the progress of its work on heritage conservation. The Panel noted that CE had announced in the 2013 Policy Address that the Administration would review the present policy on the conservation of privately-owned historic buildings. Members supported the early commencement of the review to better meet the public's expectations. In the light of the demolition or alteration of 26 buildings on the list of 1 444 historic buildings which had been reviewed for grading by the Antiquities Advisory Board, some Panel members opined that the Administration's internal monitoring mechanism for the preservation of historic buildings should be enhanced and included in the upcoming review with a view to introducing more effective measures to protect graded historic buildings.

## Quality of Dongjiang Water and development of new water sources

44. About 20% to 30% of Hong Kong's fresh water supply is from rainfall and the remaining 70% to 80% is Dongjiang ("DJ") water imported from the Guangdong Province ("GD") at the cost of around \$3.7 billion per year. The revelation of pollution problems in the industrial and residential areas along DJ has aroused members' concerns about the safeguarding of quality of the water from DJ.

45. The Administration emphasized that DJ water supplied to Hong Kong conformed to the "Environmental Quality Standards for Surface Water GB3838-2002", which was the highest national standard applicable to water abstraction for human consumption, and a notification mechanism between the Water Supplies Department and the relevant GD counterparts was in place for quick communication on any major contamination incidents affecting the quality of DJ water delivered to Hong Kong.

46. Noting that the price of DJ water under the existing water supply agreement between GD and Hong Kong was set under a "package deal lump sum approach" in which a fixed annual payment amount for a supply ceiling of 820 million cubic metres ("mcm") per year was made, regardless of the actual needs and consumption, some members urged the Administration to negotiate with the GD authorities for a payment arrangement according to the actual annual consumption of DJ water based on a unit water price so as to save public funds. The Administration explained that the annual DJ water supply ceiling of 820 mcm, which was applied in the agreement period from 2012 to 2014, had taken into account the actual needs of Hong Kong with 99% reliability in water supply. It would be difficult, if not impossible, to confirm with the GD side the actual annual supply quantity which Hong Kong would require. Moreover, it was likely that the GD side would take into account such uncertainty when fixing the unit water price in order to ensure a stable return. Some members held the view that as Hong Kong shared the supply of DJ water with other GD cities, a fixed quantity provision in the Agreement would ensure the reliability of water supply to Hong Kong.

47. Panel members pointed out that in the long term, the global trend was that water resources would become scarce, hence the Administration had to explore other fresh water resources to prepare for the future. In this connection, the Administration was studying the technical feasibility and financial viability of setting up a seawater desalination plant at Tseung Kwan O and considering using reclaimed water produced by the expanded Shek Wu Hui Sewage Treatment Works for non-potable purposes in Sheung Shui, Fanling and the proposed NENT NDAs. Members suggested that consideration could be given to making use of the rainwater/stormwater stored in water tanks rather than discharging it to the sea.

### Tree Management

48. In 2012, two tree falling incidents involving casualties occurred. One was the collapse of a banyan tree on Nathan Road in Tsim Sha Tsui injuring five people on 19 July 2012; the other was a fatal branch falling incident at Lam Tsuen San Tsuen in Tai Po on 11 October 2012. The Administration was invited to discuss its work on tree management with the Panel in October 2012.

49. Members noted that the collapsed tree in the incident in Tai Po was situated on an unallocated and unleased land under the management of the Lands Department ("LandsD"). As the tree concerned was not on the

register of old and valuable trees and no complaint had been received from the public in relation to the tree, no inspection by LandsD had been undertaken. Some Panel members criticized that if LandsD only took action upon receipt of referrals and complaints, the approach would be too passive. The Administration advised that subsequent to the incident, LandsD had decided to review the situation and consider conducting a survey on the trees along village access roads. LandsD was also making preparation for the engagement of contractors for stepping up tree inspection on unallocated and unleased lands. To engage the community in surveillance of trees, LandsD had written to rural committees appealing to them to report any problematic trees using the existing reporting mechanism, such as the "1823" Call Centre.

#### Infrastructural facilities projects

50. During the current session, the Panel had been consulted on a number of funding proposals relating to provision of infrastructural facilities before they were submitted for consideration by the Public Works Subcommittee and the Finance Committee. The major infrastructural projects discussed by the Panel included:

- (a) PWP Item No. 469CL -- Kai Tak Development -- Infrastructure at the north apron area of Kai Tak Airport;
- (b) PWP Item No. 45CG -- District Cooling System at Kai Tak Development;
- (c) PWP Item No. 13GB -- Liantang/Heung Yuen Wai Boundary Control Point and associated works;
- (d) PWP Item No. 111KA -- Government, institution or community facilities in the Kwun Tong Town Centre Redevelopment -- additional medical and health facilities;
- (e) PWP Item No. 163TB (part) -- Kwun Tong Town Centre redevelopment -- provision of grade-separated pedestrian linkages (Yuet Wah Street Pedestrian Linkage);
- (f) PWP Item No. 731CL -- Infrastructure works for housing sites adjacent to Lung Ping Road at Tai Wo Ping, Shek Kip Mei;
- (g) PWP Item No. 7414RO -- Improvement works at Mui Wo;  
and

- (h) PWP Item No. 259RS -- Cycle tracks connecting North West New Territories with North East New Territories -- Tuen Mun to Sheung Shui section (Stage 1).

Other major subjects deliberated

*Policy relating to a case of sale of hotel rooms by a developer*

51. In February 2013, a developer offered 360 rooms at a hotel in Kwai Chung for sale at an average price of HK\$5,200 per square foot. The price was much lower than that of residential flats of the same age and comparable quality in the same district. The hotel rooms were sold out in a few days. There were widespread concerns about whether it was legal for the developer to sell the rooms individually, whether buyers were fully aware of the usage restrictions on the properties, the investment risks and the hidden costs when they made the purchasing decision, and what the consequences would be if buyers used the hotel rooms for residential use, etc. The Panel invited the Administration to discuss the regulatory regimes for development of hotels in Hong Kong, including controls on possible misuse of hotels for residential purposes, and the follow-up action taken by the relevant authorities in respect of the case of the hotel in Kwai Chung.

52. The Administration advised that the lease governing the lot where the hotel was located had been executed before July 2003 and did not prohibit the lessee from selling the units individually. However, the relevant lease conditions would be breached if the units were not used for hotel purposes. In the event of substantiated breach of the lease, LandsD would take appropriate lease enforcement action, including but not limited to re-entering the property. LandsD was investigating the intent of the hotel developer in the sales exercise as well as the sale plan with a view to ascertaining whether the units were indeed sold as hotel rooms and would continue to be used for hotel purposes. Inspections and spot checks at the hotel would be conducted. The Administration emphasized that it was investigating the case and legal advice would be sought if necessary. The Estate Agents Authority ("EAA") advised that following the sale of the hotel rooms, it had inspected the sales office of the hotel project concerned to understand the sales practices of the concerned estate agents. In view of the complicated sales conditions involved, EAA had reminded licensees that they must not convey any inaccurate or misleading information in the course of property sale. If EAA had received any complaints in relation to the sale of the hotel rooms, it would carefully assess the information collected with a view to conducting a formal investigation. If any breach

of the requirements or provisions of the Estate Agents Ordinance (Cap. 511) was substantiated, EAA would meter out disciplinary sanctions to the concerned estate agent.

53. Some Panel members considered that the situations of the buyers of the hotel rooms were similar to those of the investors of Lehman Brothers minibonds in that they had made a purchase but were not fully aware of their rights and obligations with respect to the investment products. They criticized that the buyers' hasty purchasing decision was attributed to the Administration's failure in addressing the housing shortage problem over the past few years. They urged the Administration to liaise closely with the Consumer Council on the handling of purchasers' complaints that might arise from the case and to provide legal advice to the buyers, if they had such a need. Some members suggested that the Administration should consider tightening up the existing regulatory control over the sale of individual hotel rooms with a view to enhancing investor protection and ensuring adequate hotel room supply for tourists.

*Provision of a military dock at the New Central Harbourfront*

54. On 15 February 2013, the Town Planning Board ("TPB") exhibited the Central District (Extension) Outline Zoning Plan ("the OZP") for public inspection for a period of two months. The major amendments to the OZP included, among others, changing the zoning of a strip of central waterfront site (about 0.3 hectare) ("the strip") to the north of the existing People's Liberation Army Hong Kong Garrison Headquarters from "Open Space" to "Other Specified Uses" annotated "Military Use(1)". Some members expressed grave concern about this amendment and requested the Administration to brief the Panel on the subject at the meeting on 28 May 2013. The Administration advised that the 1994 Exchange of Notes between the Government of the People's Republic of China and the Government of the United Kingdom on the Defence Land Agreement provided that 150 metres of the eventual permanent waterfront in the plans for the Central and Wan Chai Reclamation at a place close to the Central Barracks would be left free for the construction of a military dock after 1997. As the form that the dock would take and the area that it would occupy were not finalized in detail at the time when OZP was first approved in 2000, the dock was represented by a straight line annotated "150 m Military Berth (subject to detailed design)" on the OZP. Taking into account that the detailed design of the military dock and the works had been completed, the Administration had proposed to delineate the actual operation boundaries of the dock and amend the land use zoning.

55. While agreeing that the Garrison should be allowed to use the central waterfront site for docking of military ships, some members queried the necessity of changing the zoning of the strip to military use. They were concerned that if the strip, which was part of the promenade, was handed over to the Garrison for management as a military facility, there would be question of application of law and law enforcement for this area. Designating the strip as a site for military use might impede the public's use of the promenade. If the strip was under the management of the Garrison, the Garrison would be able to construct more facilities which were directly related to the permitted use of a military dock without obtaining the planning permission from TPB.

56. The Administration explained that the provision of the military dock had been raised publicly from 2000 to 2012 on several occasions. The military dock site was subject to a building height restriction of 10 metres above Principal Datum ("mPD"). Since the ground level of the waterfront was already 4.2 mPD, any building thereon could not be taller than 5.8 metres. As the Garrison had agreed that it would open the military dock site to the public as a part of the promenade when it was not in military use, the dock had been designed to integrate with the promenade. On law enforcement at the area, the Administration advised that the Hong Kong Police and other law enforcement agencies would be able to take enforcement actions therein pursuant to the relevant ordinances.

*Issues related to the redevelopment of civil servants' quarters developed under the Civil Servants Co-operative Building Society Scheme*

57. The Civil Servants' Co-operative Building Society ("CBS") Scheme is a form of civil servants' housing benefit managed by the Civil Service Bureau. As the Administration has been actively identifying land for housing, the issue of redeveloping CBS buildings, many of which are located at good locations in the urban areas, has attracted public attention. The Panel discussed the issues related to redevelopment of CBS buildings in May 2013.

58. Members noted that with the deterioration in the conditions and environment of these CBS buildings as a result of ageing, some occupants welcomed the redevelopment of the buildings. According to the Administration, to apply for dissolution, a CBS must obtain the consent of 75% of its members. Upon the dissolution of a CBS, if individual former CBS members wanted to sell their flats, they had to pay the land premium for the removal of the alienation restriction. To redevelop a whole CBS building, former CBS members must jointly apply to LandsD for lease

modification and pay a further land premium. Some Panel members enquired whether the Administration would consider granting concessionary premium or short-term waiver of the land premium to help dissolved CBSs redevelop CBS buildings. There were also suggestions that, to facilitate former CBS members to discuss redevelopment plans with developers, the Administration should inform the former the amount of land premium they had to pay in a timely manner. The Administration responded that the Government departments concerned had been actively considering how best to deal with the land premium and other issues in relation to the redevelopment of CBS buildings and it would take some time for the Administration to examine individual cases before working out a solution. As regards some members' concern that quite a number of CBS members who wished to sell their flats were unable to do so due to failure in obtaining the consent of 75% of the members to dissolve the CBS, the Administration explained that CBS members had been fully consulted before the introduction of the existing 75% requirement. In considering whether or not the requirement should change, the interest of all stakeholders that would be affected by the change should be taken into account. The Panel will receive public views on the subject at its meeting to be held on 15 July 2013.

#### *Work of the Urban Renewal Authority*

59. The Urban Renewal Authority ("URA") briefed the Panel on its work in 2012-2013 and its future work plan at the meeting on 25 June 2013. Members also took the opportunity to discuss with its new Chairman, who had assumed office on 15 June 2013, and the Administration the approach to urban renewal.

60. Noting that URA had recorded a net operating surplus of \$4.4 billion in 2012-2013 and its net asset value was \$26.2 billion as at 31 March 2013, members pointed out that URA's mission was not to maximize the profits that it would make from redevelopment projects but to tackle the problem of urban decay and to improve the quality of life of residents in old urban areas. Despite that redevelopment projects had been carried out in these areas with improved living conditions, the affected property owners/shop operators could not benefit from these projects due to insufficient compensation. Moreover, most of the URA projects at these areas provided luxurious residential units and shopping malls which were beyond the affordability of the affected property owners/shop operators. Members called on URA to take a people-first approach to urban renewal and to seriously address the needs of those affected by redevelopment projects. URA advised that it had strived to enhance communication with



relevant stakeholders and had implemented new measures, such as the Flat-for-flat Scheme, to assist the property owners affected by redevelopment projects. In respect of its financial position, URA emphasized that any surpluses generated from redevelopment projects would be retained and then applied to finance further redevelopment projects and the URA's rehabilitation, revitalization and preservation efforts.

#### Work of Joint Subcommittee

61. The Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project formed under the Panel and the Panel on Home Affairs has deliberated various issues including the approved Development Plan of the West Kowloon Cultural District ("WKCD"), management and utilization of the WKCD site prior to commencement of the construction works for the WKCD project, development of cultural software, the financial situation of and arrangements for the project.

#### Meetings held

62. Up to the end of June 2013, the Panel has held a total of 15 meetings during the current session, including two joint meetings with the Panel on Housing and the Panel on Home Affairs respectively. The joint subcommittee under the Panel has held a total of five meetings during the same period.

## **Appendix I**

### **Panel on Development**

#### **Terms of Reference**

1. To monitor and examine Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Panel on Development**

**Membership list for 2012-2013 session**

<b>Chairman</b>	Dr Hon LAU Wong-fat, GBM, GBS, JP
<b>Deputy Chairman</b>	Hon Tony TSE Wai-chuen
<b>Members</b>	<div>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 Hon CHAN Hak-kan, JP Hon CHAN Kin-por, BBS, JP Dr Hon Priscilla LEUNG Mei-fun, SBS, JP Hon IP Kwok-him, GBS, JP Hon Mrs Regina IP LAU Suk-yee, GBS, JP Hon Alan LEONG Kah-kit, SC Hon LEUNG Kwok-hung Hon Albert CHAN Wai-yip Hon Claudia MO Hon Michael TIEN Puk-sun, BBS, JP Hon James TIEN Pei-chun, GBS, JP Hon WU Chi-wai, MH Hon Gary FAN Kwok-wai Hon CHAN Chi-chuen Hon CHAN Han-pan Dr Hon Kenneth CHAN Ka-lok Hon CHAN Yuen-han, SBS, JP Hon LEUNG Che-cheung, BBS, MH, JP Hon Kenneth LEUNG Hon Alice MAK Mei-kuen, JP Dr Hon KWOK Ka-ki Dr Hon Fernando CHEUNG Chiu-hung Dr Hon CHIANG Lai-wan, JP Ir Dr Hon LO Wai-kwok, BBS, MH, JP</div>
	(Total: 32 members)
<b>Clerk</b>	Ms Sharon CHUNG
<b>Legal Adviser</b>	Miss Kitty CHENG