

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 for the 2014-2015 session. It will be tabled at the meeting of the Legislative Council ("LegCo") on 8 July 2015 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 2014-2015 session, the Panel comprises 30 members. Hon Tony TSE Wai-chuen and Dr Hon LAU Wong-fat were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

Major work

Increasing land supply

4. The Panel has been closely monitoring the Administration's work on increasing land supply to address the housing shortage problem and cater for the development needs of Hong Kong in various aspects. During the session, the Panel held a number of discussions with the Administration

on its new and on-going initiatives to avert the land supply-demand imbalance. Through the discussions, Panel members drew the Administration's attention to issues of concerns and offered suggestions for refining land development proposals.

Tung Chung New Town Extension

5. Developing new areas and extending new towns is one of the Administration's major long-term measures to increase land supply. In October and December 2014, the Administration sought the Panel's views on the draft Recommended Outline Development Plans ("draft RODPs") formulated for the Tung Chung New Town Extension ("TCNTE"). According to the draft RODPs, about 48 000 flats would be provided in the extension area and the first population intake was expected to start in 2023. A commercial hub in Tung Chung East with a total gross floor area of 850 000 square metres ("m²") for office, retail and hotel uses was proposed and it was expected that some 40 000 job opportunities could be created.

6. Panel members in general welcomed the Administration's decision of reducing the projected population in Tung Chung West from over 40 000 to some 20 000 and not pursuing the proposed 14-hectare reclamation in Tung Chung Bay. In view of the existing mismatch between manpower supply and job positions in Tung Chung, members stressed that the new job opportunities to be generated must be diversified enough to cater for the needs of the future residents. Some members opined that the Administration should refrain from forming a unitary economic structure (focused on the hotel, entertainment, catering and retail industries) in TCNTE but should develop engineering and technology industries in the area to provide support to the Hong Kong International Airport and the proposed marina in Tung Chung East.

7. The Administration advised that the proposed commercial hub in Tung Chung East would not solely provide job opportunities in the retail industry. It would provide space for different types of companies, including those engaged in high-technology industries, to set up their offices. Land for tertiary education use had been reserved in TCNTE for setting up, among others, training centres to equip local residents with the relevant skills to take up the jobs offered by the logistics and exhibition businesses in Lantau. The Lantau Development Advisory Committee ("LanDAC") set up in 2014 would examine the overall strategy for the development of Lantau. LanDAC had established a number of working groups to study various issues including employment opportunities and the manpower-job mismatch. The Administration would relay members' views to the working groups.

8. Pointing out that the new population in TCNTE, the new tourism facilities to be developed in Tung Chung together with the commissioning of the third runway of HKIA would generate greater demand for train services along the MTR Tung Chung Line ("Tung Chung Line")(which shared the same railway system with the Airport Express Line), members urged the Administration to work out measures with the MTR Corporation Limited ("MTRCL") to expand the capacity of the Tung Chung Line. The commissioning of the two proposed new railway stations (in Tung Chung East and Tung Chung West) should also tie in with the new population intake. The Administration advised that according to the Preliminary Traffic and Transport Impact Assessment of the TCNTE Study, it was anticipated that the Tung Chung Line, with the commissioning of two new railway stations, would be operating below the Design Maximum Capacity upon full development of TCNTE after 2031. The Administration assured members that it would continue to keep close liaison with the Transport Department and MTRCL in respect of the capacity and service level of the Tung Chung Line.

Short- to medium-term measures

9. The short- to medium-term measures adopted by the Administration to increase land supply include land use reviews, increase of development intensity, exploring the development opportunities along rail lines, etc. According to the Administration, the Planning Department had conducted reviews over the whole territory on the government land currently vacant, under short-term tenancies or different short-term, Government, Institution or Community ("G/IC") and other government uses, as well as green belt sites. Various land use reviews had identified in total some 150 potential housing sites, most of which might be made available for housing development in the five years from 2014-2015 to 2018-2019 for providing 210 000 flats, subject to timely amendments to their respective statutory plans for change of land use and/or increase in development intensity. These sites are an important source of land supply for meeting the housing supply target of providing 480 000 units in the coming 10 years from 2015-2016.

10. Some members opined that the short-term measures were inadequate to address the imminent housing need of the public, in particular the households living in subdivided flats. They suggested that the Administration should make use of vacant government land to provide interim housing for these households. As regards the Administration's plan to rezone 70 green belt sites for residential use, members stressed that the Administration had to strike a balance between the provision of housing

and community facilities in the district, and to address local residents' concerns, in particular those about traffic and environmental impacts, in the consultation process. Some members suggested that the Administration should not only focus on making use of green belt sites for the provision of public housing units, as there was also a strong demand for small- and medium-sized private housing units.

11. The Administration advised that the green belt sites identified as suitable for rezoning for residential use would have a capacity to provide more than 80 000 public and private housing units, of which over 70% would be public housing units. As regards private residential development, in the past few years, the Administration had specified in the land sale conditions for certain sites the minimum number of flats to be produced or restrictions on flat size. Over 70% of the flats to be produced from the residential sites sold in 2012-2013 and 2013-2014 were expected to be small- and medium-sized private housing units.

12. On increasing the development intensity of developable land, some members held the view that in addition to housing sites, the Administration should fully utilize land resources at G/IC sites, such as increasing the plot ratios of the sites to provide the community facilities much needed by the public.

Converting suitable government sites to commercial sites

13. In March 2015, the Administration briefed the Panel on its plan to relocate the New Territories West Regional Office and Water Resources Education Centre of the Water Supplies Department ("WSD") at Sai Yee Street, Mong Kok, to Tin Shui Wai. The relocation of these facilities and those of the Food and Environmental Hygiene Department at an adjacent site would release land to be considered for commercial use with the provision of a Public Transport Terminus.

14. In view of the lack of public facilities in Tin Shui Wai, some members opined that the Administration should consider providing public facilities apart from those of WSD's in the new building. The Administration explained that, for the particular site of WSD's new building in Tin Shui Wai, the reference plot ratio of 3 was considered appropriate, taking into account the features of the surrounding environment. The Administration assured members that arrangements were in place to ensure that relevant government bureaux and departments take steps to economize the use of land resources and optimize the utilization of G/IC sites. If a proposed development could not fully achieve an optimal degree of site utilization, the Government Property

Agency would advise the project proponent to further enhance site utilization by exploring different measures, such as incorporating more facilities to the development, reducing the site area, identifying suitable joint user(s), etc.

Energizing Kowloon East

15. In his 2011-2012 Policy Address, the then Chief Executive announced that the Administration would adopt a visionary, coordinated and integrated approach to expedite the transformation of Kowloon East, including the Kai Tak Development area ("KTD"), Kowloon Bay and Kwun Tong, into an attractive, alternative Central Business District with the potential for providing an additional office floor area of 4 million m² to support Hong Kong's economic development.

Detailed feasibility study for the Environmentally Friendly Linkage System

16. To enhance the connectivity of Kowloon East, the Administration has proposed, with reference to the results of a preliminary feasibility study, to introduce a multi-modal linkage system including an Environmentally Friendly Linkage System ("EFLS") in the form of an elevated monorail supplemented by improved pedestrian walkway and road-based green transport. The proposed EFLS would link up KTD, Kwun Tong and Kowloon Bay with the existing MTR Kwun Tong Line and the future Shatin to Central Link. At three meetings held in May, July and October 2014 respectively, the Administration briefed the Panel on the outcome of a two-stage public consultation exercise on the proposed EFLS and sought the Panel's support for a funding proposal to carry out a detailed feasibility study ("DFS") to address the key issues identified in the consultation exercise.

17. At the meeting in May 2014, most members present at the meeting did not support the funding proposal on the proposed DFS due to their concerns, among others, on the financial aspects of developing a monorail system, lack of information about the feasibility of adopting other transport modes, the network coverage of the proposed EFLS; etc. To address members' concerns, the Administration revised the scope of the DFS and discussed the revised proposal with the Panel at the meetings held in July and October 2014.

18. On some members' concern that the Administration might have taken a pre-conceived position that the EFLS would take the form of monorail, the Administration assured members that at the first stage of the DFS, various green transport modes including modern tramway, monorail,

electric buses, travellers, etc., would be compared and studied on an equal weighting basis. Based on the result of the first stage of the proposed DFS, the Administration would then consult the relevant stakeholders on the most suitable green transport mode to be adopted as the EFLS for Kowloon East. After ascertaining the transport mode for the EFLS, detailed studies on technical aspects, including preliminary site investigation works, would be carried out at the next stage of the DFS.

19. Members stressed that the Administration should adopt measures to improve the connectivity of Kowloon East in the short-, medium- and long-terms. The Administration undertook to examine ways to cope with the connectivity demand in various stages of the development of Kowloon East. In particular, formulation of short-term measures would be studied to enhance the connectivity of the Kai Tak Cruise Terminal. To address the aspiration of residents in Wong Tai Sin and Kowloon City that the EFLS alignment should be extended to their districts, the DFS would explore the possible long-term expansion of the EFLS. The Panel supported the funding proposal for conducting the DFS and would continue to closely monitor the development of an EFLS for Kowloon East.

Smart City

20. In his 2015 Policy Address, the Chief Executive announced that the Administration intended to use Kowloon East as a pilot area to explore the feasibility of developing a "Smart City".

21. Members opined that a holistic approach should be adopted in the planning of a "Smart City". Moreover, inter-departmental co-operation for the development of new infrastructure in Kowloon East would be essential to the success of the proposed initiative. The Administration should make public-sector information more accessible to the public to facilitate the development of online services and mobile applications by individuals and private enterprises. A public-private partnership model should be considered in the development of a "Smart City". The Administration undertook to consider members' views and suggestions.

Converting Tsun Yip Street Playground as Kwun Tong Industrial Culture Park

22. To provide an attractive public open space in Kowloon East and at the same time to enrich the public's understanding of the industrial culture of the district, the Administration proposed to convert Tsun Yip Street Playground, situated at the centre of the Kwun Tong Business Area, as Kwun Tong Industrial Culture Park ("the Park"). In February 2015, the

Administration sought the Panel's support for a funding proposal to carry out the conversion works.

23. Members stressed the importance for the design of the Park to highlight the proposed theme, i.e. industrial culture, lest the Park would fall short of public expectation. They were concerned how the proposed theme would be realized and how the Park would be made a popular place for people working in the area.

24. The Administration advised that the conversion of the Playground into the Park would complement the face-lifted Tsun Yip Street sitting-out area to further demonstrate how industrial culture elements could be incorporated into the design of public spaces. To highlight the theme of "industrial culture", the concept of the art installations to be provided in the Park would be focused on seven selected local industries (such as textile, clothing and garments, toy, plastics, timepiece, printing and electronics) to recall visitors' memories of the industrial history of Kwun Tong. The Leisure and Cultural Services Department ("LCSD") would stage different cultural activities and performances in the Park, such as special educational activities under suitable exhibitions and research projects organized by the museums of LCSD and/or other cultural organizations. The Energizing Kowloon East Office would continue to facilitate various organizations to hold place-making events at the Park for public enjoyment.

Kai Tak Development

25. The Panel continued to monitor the progress of the implementation of the KTD project. The Panel noted the Administration had advanced the delivery of eight residential sites located on the eastern side of Kai Tak River at the former north apron area. These sites had been handed over in batches for development by the Urban Renewal Authority and the Housing Authority, and for land sale by Lands Department through public tender. The total gross floor area for public rental housing and other residential sites made available to date in KTD is about 871 000 m², providing about 18 900 flats.

Development intensity

26. In response to some members' suggestion of increasing housing supply in KTD to address the strong demand for housing, the Administration advised that the current development plan for KTD was the outcome of rounds of discussion between the Administration and community stakeholders over many years. Under the plan, the population intake of KTD had been significantly downsized from the original some

200 000 to the current 90 000. Though there were views urging for a drastic increase in the development intensity in KTD, the Administration considered that such views went against the consensus reached on the planning of KTD. However, the development intensity of KTD would be suitably increased to address the housing shortage. Upon completion of a study confirming the technical feasibility and environmental viability, the Administration had consulted the relevant District Councils and the Task Force on Kai Tak Harbourfront Development of the Harbourfront Commission on the study findings, and had submitted planning applications in batches for minor relaxation of building height and plot ratio restrictions for the Town Planning Board's consideration. The Administration provided a summary of the study report to the Panel in June 2015.

Infrastructure works at the southern part of the former runway

27. In April 2015, the Administration sought the Panel's support for a funding proposal on the construction of infrastructure works for continued developments at the southern part of the former runway. The works included the construction of an elevated landscaped deck about 1.4 km long ("the deck"), with roadside noise barriers of about 1.1 kilometres ("km") long, covering the re-aligned Shing Fung Road at an estimated cost of \$1,213 million. Members raised questions about the necessity of the provision of the deck, the connectivity of the deck with the surrounding residential and commercial developments, and whether it would be integrated with the proposed EFLS.

28. The Administration explained that the deck would serve as a leisure walkway connected to the Metro Park, the Cruise Terminal, the Tourism Node and the Runway Park to facilitate residents and visitors to participate in the events and activities held in these venues. The construction of the deck was part of the efforts to realize the vision of developing KTD as a distinguished, vibrant, attractive and people-oriented community by the harbour. The design of the deck would make provision for future possible extensions and connections that might be built under adjoining commercial development projects. At members' suggestion, the Administration would refine the design of the deck to make provision for connection with the adjacent residential developments.

29. On the integration of the deck with the future EFLS, the Administration assured members that whilst the mode and the way forward on the proposed EFLS would be subject to the outcome of a detailed feasibility study, provisions had been made in the design of the deck to allow adequate space for construction of the future EFLS and to cater for

integration with a possible EFLS station, if required. At members' request, the Administration provided the Panel with a plan and cross-sections showing the interface between the deck and the proposed EFLS (rail-based option).

Water supply

30. During the session, the Administration briefed the Panel on the new agreement with the Guangdong ("GD") authorities for the supply of Dongjiang ("DJ") water to Hong Kong between 2015 and 2017, as well as a proposal to carry out the design and site investigation works for the first stage of the proposed desalination plant at Tseung Kwan O ("TKO"). On the DJ water supply agreement, the Administration sought the Panel's support for a funding proposal to be submitted to the Finance Committee for a supplementary provision of \$47.9 million to meet the additional cost for the purchase of DJ water in 2014-2015 under the new agreement. On the desalination plant, the Administration sought the Panel's support for a funding proposal to carry out the proposed design and site investigation works at an estimated cost of \$154.6 million.

Supply of Dongjiang water

31. The Panel noted that from 2006 onwards, DJ water had been supplied to Hong Kong under a "package deal lump sum" approach, under which an annual lump sum payment is made to the GD side for supply of an annual agreed quantity (a ceiling quantity) of DJ water, regardless of the quantity actually imported. Since 2006, the annual supply ceiling had been set at 820 million cubic metres ("mcm"). Members were concerned that public funds would be wasted if the annual consumption of Hong Kong was less than the supply ceiling.

32. The Administration advised that the "package deal lump sum" approach ensured reliable supply of water. Amidst an increase of population and expansion of economic activities over the years, the annual supply ceiling of 820 mcm had been maintained as a result of continuous efforts in reducing water leakage from water mains and encouraging the public to conserve water. If the annual supply ceiling of DJ water was reduced to less than 820 mcm and there was severe drought, Hong Kong would face the risk of water rationing. The Administration assured members that no DJ water supplied to Hong Kong had been discharged to the sea in the last few years as WSD had been informing the GD side of the actual demand of Hong Kong on a monthly basis.

33. Some members urged the Administration to negotiate with the GD authorities to further lower the increase rate of the water price. The Administration explained that under the DJ water price adjustment mechanism, the adjustment of DJ water price took into account the changes in the operation cost, the exchange rate between Renminbi and Hong Kong dollar, as well as the relevant price indices of GD and Hong Kong. The average annual rate of change of the relevant price indices of GD and Hong Kong in the past three years was about +4% and the average annual rate of change in Renminbi/Hong Kong dollar exchange rate was about +3% over the same period, adding up to a sum slightly over +7%. Whilst the GD authorities had expended sums to carry out works to enhance the protection and quality of DJ water during the period, they agreed to increase the price at a lower rate of around 6.5% after negotiation. The Administration considered the proposed adjustments reasonable.

34. Taking into account that Hong Kong's fresh water resources are facing various challenges, members stressed the importance for the Administration to contain the growth of fresh water demand and, at the same time, develop alternative water resources which were not susceptible to climate change, such as seawater desalination and water reclamation.

Development of a desalination plant at Tseung Kwan O

35. Panel members generally supported the Administration's proposal of conducting site investigation works and design for the first stage of the proposed desalination plant at TKO. They were, however, concerned about the high cost for the production of desalinated water, which was estimated to be about HK\$12-\$13 per cubic metre ("m³"), as compared with about HK\$8-\$9 per m³ for the cost of DJ water and around US\$0.5 per m³ for the desalination cost in Singapore.

36. The Administration explained that the cost of seawater desalination in a place was affected by factors such as the quality of the seawater, requirements for the quality of the desalinated water, local electricity cost and energy efficiency of desalination facilities. Compared with some other places where seawater was only filtered for one time in the reverse osmosis process, the cost of seawater desalination in Hong Kong would be higher due to the plan to filter seawater twice in the same process to produce potable water meeting international standards. The Administration assured members that it would explore the possibility of further lowering the desalination cost in the light of the technological advancement of desalination.

37. Some members expressed doubt on whether the desalination plant would be a value-for-money project, given that the desalination cost was high, the plant would produce only 5% of the fresh water supply for Hong Kong, and the population growth was expected to slow down. The Administration considered that water demand in future was affected by not only population growth, but also economic activities. The forecast fresh water demand of Hong Kong in 2021 would reach 986 mcm, whereas the local fresh water resources would amount to a mere 130 mcm during drought years. The shortfall between the two (i.e. 856 mcm) was larger than the annual DJ water supply ceiling to Hong Kong (i.e. 820 mcm). With the advancement of desalination technology, desalination cost had reduced from \$30 per m³ some 20 years before to the present \$12-\$13 per m³. The leading countries in seawater reverse osmosis desalination technology (e.g. the United States, Australia, Singapore and Mainland) had taken the opportunity to develop new desalination plants. The Administration considered that it was the right time to develop a desalination plant using reverse osmosis desalination technology in Hong Kong.

Manpower supply for the construction industry

38. In his 2015 Policy Address, the Chief Executive announced that the Administration would provide \$100 million for the Construction Industry Council ("CIC") to kick-start new training measures to upgrade the skills of semi-skilled workers to the level of skilled workers in the coming years, with a view to enhancing the retention of semi-skilled workers and supply of skilled workers to meet the needs of the industry. In May 2015, the Administration briefed the Panel on a pilot scheme to be implemented by CIC in the second half of 2015 for training semi-skilled workers and sought the Panel's support for creating a commitment of \$100 million to cover part of the costs.

New measures for the training of skilled workers for the construction industry

39. CIC proposed to adopt, for the pilot scheme, a collaborative training mode for training skilled workers for which contractors and sub-contractors could provide on-the-job training on site, and labour unions would provide skills enhancement courses for in-service workers. Members agreed that the Administration and CIC should strengthen the training of construction workers to meet the demand of the industry so as to deliver timely worthwhile infrastructure projects and public housing projects.

40. Noting that according to CIC's manpower forecast, the industry would need additional skilled workers of about 10 000 to 15 000 in the coming years, some members considered that the training quota of 1 000 under the pilot scheme insufficient. Some members stressed that the design of the courses must suit the needs of the industry and the schedules of the courses must facilitate the participation of semi-skilled workers. In this connection, they requested that CIC should maintain close collaboration with labour unions and contractors of the industry in designing the training courses.

Enhancement to the Supplementary Labour Scheme

41. The Chief Executive has also announced in his 2015 Policy Address that, in face of manpower shortage in the construction industry, the Administration would launch further enhancement measures to the Supplementary Labour Scheme ("SLS") having regard to the unique characteristics of the construction industry, such as allowing imported skilled workers to work across more than one public sector works projects under the same contractor. In the event that the further enhancement measures to SLS failed to effectively resolve the shortage problem of skilled workers, the Administration intended to explore the introduction of other more effective and appropriate measures.

42. Some Panel members considered that the labour shortage problem in the construction industry had been exaggerated, as many local construction workers were still facing the problem of under-employment. They did not support the introduction of the further enhancement measures and held the view that these measures, if supported, would be followed by an expansion of importation of labour.

43. The Administration advised that, on the premise of safeguarding the priority of employment for local skilled workers and their income levels, Hong Kong needed to make full use of SLS to address the shortage of construction manpower in a timely manner. While the enhancement measures under SLS launched in 2014 could expedite the preparatory work for SLS applications, further enhancement measures were necessary to bring greater flexibility to the deployment of imported workers and maximize the their productivity.

Heritage conservation

44. During the session, the Panel continued to monitor the Administration's work in conserving and revitalizing the heritage sites and buildings in Hong Kong.

Revitalization of historic buildings

45. The Administration sought the Panel's support for three funding proposals for revitalizing three government-owned historic buildings, namely the Bridges Street Market, the Former Fanling Magistracy and the Haw Par Mansion, under Batch III of the Revitalizing Historic Buildings Through Partnership Scheme ("the Revitalization Scheme"). Three non-profit-making organizations had been selected through a competitive process to revitalize the three historic buildings into Hong Kong News-Expo, the Hong Kong Federation of Youth Groups Institute for Leadership Development and Haw Par Music Farm respectively in the form of operation of social enterprises. The three organizations had set up special purpose companies ("SPCs") for the sole purpose of the projects. Under the Revitalization Scheme, the Administration would finance the restoration and conversion of the historic buildings and provide one-off grants to meet the operating deficits, if any, of the SPCs undertaking the projects for the first two years of operation at a ceiling of \$5 million for each project.

46. Panel members supported the funding proposals. Taking in view that the restoration and maintenance of these buildings would incur substantial costs, some members stressed the importance of a clear demarcation of the repair and maintenance responsibilities for the revitalized buildings between the SPCs and the Administration. Furthermore, a mechanism should be put in place to resolve the disputes, if any, over such responsibilities.

47. The Administration advised that according to the Guide to Application of Revitalization Scheme, the Administration shall be responsible for the repair and maintenance of the structure of the historic buildings as well as undisturbed slopes and/or undisturbed retaining walls within the sites. Other than these, the selected SPCs should be responsible for the repair and maintenance of all buildings and areas within the sites including furniture, fixtures, machinery, drainage, buildings services systems, associated equipment, etc. In relation to the repair and maintenance works for historic buildings under the Revitalization Scheme, prior to the SPC's moving into the historic building to commence operation, the Administration would provide funding support to cover the cost for

major renovation to the historic building in accordance with the approved proposal. In this connection, the Administration considered that major maintenance problems would unlikely arise during the first few years of operation. The Administration assured members that the Architectural Services Department would provide professional and technical advice on matters related to maintenance of government-owned historic buildings, and the Commissioner for Heritage's Office under the Development Bureau ("DEVB") would facilitate the coordination between the SPCs and relevant government departments on such matters.

Archaeological features discovered at To Kwa Wan Station of the Shatin to Central Link

48. The archaeological fieldworks at To Kwa Wan Station of the Shatin to Central Link conducted by the archaeologist engaged by MTRCL were substantially completed in September 2014. In November 2014, the Administration updated the Panel on the discovery of archaeological features at To Kwa Wan Station, and briefed members on the proposed preliminary conservation and interpretation concept plans.

49. The Panel noted that the archaeological and related works had caused a delay in the construction of To Kwa Wan Station for at least 11 months, inducing additional construction and other costs of \$3.1 billion. Another \$1 billion would be incurred for in-situ preservation for most structures and remnants of the Song-Yuan period unearthed at To Kwa Wan Station. Regarding the preservation of Well "J2", the water channel and the stone structure in Adit C, it was estimated that an additional cost up to \$1.3 billion would be required, depending on which conservation options would be taken.

50. Members gave views on the alternative conservation options proposed by MTRCL. Generally speaking, members held the view that the Administration should protect the archaeological features discovered at the works site of To Kwa Wan Station, while minimizing the impact of the archaeological work on the progress of the SCL project and the additional costs to be incurred. Some members considered that the relics discovered at the works site of To Kwa Wan Station, coupled with the remnants of the Lung Tsun Stone Bridge found in KTD, should be preserved as part of a heritage cluster in order to reflect the historical character of the area. The Administration assured members that it would consider members' view of preserving the archaeological features concerned as a heritage cluster when formulating the display and interpretation plans for the archaeological features discovered.

Proposed establishment of a Harbourfront Authority -- Phase II Public Engagement Exercise

51. In October 2012, the Harbourfront Commission ("HC") submitted a proposal to the Chief Executive for setting up a dedicated Harbourfront Authority ("HFA") to press ahead with harbourfront development in a holistic manner with an innovative mindset and a more flexible management approach. Subsequently, HC and DEVB jointly launched a 2-phase public engagement ("PE") exercise. Phase I PE was conducted from October 2013 to January 2014 to seek public views on their aspirations for the harbourfront; whether an HFA should be established and, if so, which model or approach would be more suitable. HC and DEVB jointly launched a 3-month Phase II PE in September 2014 to consult the public on a proposed detailed framework for the operation of the proposed HFA, including its functions, composition, accountability measures, financial arrangements and harbourfront sites to be allocated to HFA. In November 2014, the Administration, together with HC, briefed the Panel on the arrangements for the Phase II PE and consulted the Panel on the proposed detailed framework.

52. Members were in general supportive of the establishment of a dedicated authority to develop and manage the harbourfront. Given that the establishment of the proposed HFA was intended for creating a quality harbourfront for Hong Kong people and in light of the substantial resources to be allocated to the authority, members emphasized that the operation of the authority must be highly transparent and accountable to the public.

53. The Panel noted that, instead of providing an upfront endowment to the proposed HFA, the Administration proposed to set aside a dedicated fund within the Government and HFA could, subject to LegCo's approval, apply from the fund for funding, which would include capital costs and operating costs covering, say, the first five years of its operation. Members questioned about the financial sustainability of the proposed HFA after five years of operation and sought information about the size of the dedicated fund to be earmarked for the authority. Some members were concerned that HFA might either be short of sufficient funding to fulfil its ambitious vision or become over-commercialized in order to sustain its operation.

54. The Administration advised that a financial consultancy study would be conducted to assess the estimates of the funding required. As some of the sites to be allocated to the proposed HFA would be developed for commercial use, hence the authority would be able to generate income from commercial activities to support its operation. The Administration

assured members that, instead of profit maximization, HFA would strive to achieve a balanced mix of commercial uses in the allocated sites to cater for the needs of the local community as well as to bring vibrancy.

Facilitating the redevelopment of buildings under the Civil Servants' Co-operative Building Society Scheme

55. The Civil Servants' Co-operative Building Society ("CBS") Scheme was a form of civil servants' housing benefit managed by the Civil Service Bureau. It was launched in 1952 to allow the Administration to grant land at a concessionary premium to enable eligible civil servants to build residential buildings through forming co-operative societies ("CBS buildings"). A total of 238 CBSs have been formed in Hong Kong so far. The buildings of 11 CBSs have been redeveloped by private developers. Today, CBS buildings are generally old, with many aged over 50 years. The lack of modern-day building facilities, such as lift provision, has posed access problems for the elderly owners. CBS flat owners consider that the land premium they have to pay to the Government upon the sale of their flats is prohibitively high, and this high land premium has increased the redevelopment cost for private developers, thus dampening private redevelopment initiatives.

56. In May 2015, the Administration briefed the Panel on its proposals to facilitate the redevelopment of CBS buildings. The Administration proposed, among others, that a pilot scheme be launched by the Hong Kong Housing Society ("HKHS") to redevelop CBS buildings for subsidized sale flats purpose under a "no loss" principle, and HKHS would pay land premium to the Government for lease modification necessary for the redevelopment. The pilot scheme would be implemented under a demand-led approach and it would be for the owners themselves to initiate applications to HKHS. HKHS would lay down the eligibility criteria of the scheme, including the requirement for the applicant CBS owners to secure 100% owners' participation within a reasonable period of time. HKHS would pay to the Lands Department the outstanding land premium for the CBS owners and would purchase the CBS flats from the owners at market price. Under the "no loss" principle, HKHS might offer an acquisition price slightly above the market price (for example, about 10% above market) for acquisition of these CBS flats. Where circumstances permitted, the Administration might consider allowing the owners concerned to purchase the HKHS units from the "Flat-for-sale Scheme Secondary Market".

57. While members welcomed the idea of making use of the sites of the CBS buildings to develop subsidized sale flats to increase the supply of

such flats to the public, they generally considered the requirement of securing 100% owners' participation a very high threshold that was almost impossible to achieve. HKHS advised that without 100% owners' consent, it would have no lawful basis to proceed with the redevelopment of the CBS buildings. The Administration held the view that the civil servants who had joined the CBS Scheme years before had given up other forms of housing benefits. It was not reasonable to force those CBS flat owners who preferred to retain their flats to move out.

58. Some members suggested that, to release precious land resources in the urban areas to increase housing supply and to resolve the difficulties faced by the CBS flat owners in redeveloping their properties, the Administration should redevelop the CBS buildings without requesting the owners to pay the outstanding land premium. The Administration considered that it was very difficult to justify the use of public funds or any concession on premium payments in supporting such redevelopment, taking in view that government assistance was more imminent for other old buildings or areas where the building conditions were much poorer. The Administration undertook to study members' suggestions carefully when devising the details of the proposed pilot scheme. The Panel will hold a special meeting in July to receive public views on the scheme.

Funding and legislative proposals

59. During the session, the Panel had examined a number of other financial proposals relating to implementation of public works projects before they were submitted to the Public Works Subcommittee for consideration. These proposals included those on the construction of boundary control point buildings and associated facilities at the Liantang/Heung Yuen Wai Boundary Control Point, Phase III (Package B) of the District Cooling System in KTD, in-situ reprovisioning of the Sha Tin Water Treatment Works (South Works) (advance works), ground decontamination works at the site of ex-Kennedy Town Incineration Plant/Abattoir and adjoining areas, etc.

60. The Panel also gave views on the proposed amendments to the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations, and the proposed revision of fees under the Builders' Lifts and Tower Working Platforms (Safety) (Fees) Regulation, the Land (Miscellaneous Provisions) Regulations, the Building (Administration) Regulation and the Building (Minor Works) (Fees) Regulation, etc.

Other subjects discussed

61. Other major subjects deliberated by the Panel during the session included the work of the Urban Renewal Authority, assessment of the value of resumed properties, resolution of disputes arising from land resumption, etc.

Work of Joint Subcommittee

62. The Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project formed under the Panel on Development and the Panel on Home Affairs has deliberated various issues including the proposed West Kowloon Cultural District Public Open Space Bylaw, the integration and connectivity of the West Kowloon Cultural District with its neighbouring districts, implementation of the integrated basement and infrastructure works for the West Kowloon Cultural District, the latest progress of the development of M+, the Park, the Lyric Theatre, the Artist Square Development Area, and the Xiqu Centre, etc.

Meeting and visits

63. Up to the end of June 2015, the Panel has held a total of 11 meetings during the current session. The Panel has scheduled two meetings to be held in July 2015. The joint subcommittee under the Panel has held a total of 4 meetings up to the end of June 2015. During the session, the Panel paid a visit to the proposed site for the reprovisioning of the Harcourt Road fresh water pumping station to understand the justifications for relocating the pumping station to the site; and a visit to the Ex-Lamma Quarry Area to receive a briefing on the future land use of the area as proposed by the Administration under the relevant draft Recommended Outline Development Plan.

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 the 2014-2015 session

Chairman	Hon Tony TSE Wai-chuen, BBS
Deputy Chairman	Dr Hon LAU Wong-fat, GBM, GBS, JP
Members	<div>Hon James TO Kun-sun</div> <div>Hon CHAN Kam-lam, SBS, JP</div> <div>Hon Emily LAU Wai-hing, JP</div> <div>Hon Abraham SHEK Lai-him, GBS, JP</div> <div>Hon Frederick FUNG Kin-kee, SBS, JP</div> <div>Hon Cyd HO Sau-lan, JP</div> <div>Hon CHAN Hak-kan, JP</div> <div>Hon CHAN Kin-por, BBS, JP</div> <div>Hon IP Kwok-him, GBS, JP</div> <div>Hon Mrs Regina IP LAU Suk-yee, GBS, JP</div> <div>Hon Paul TSE Wai-chun, JP</div> <div>Hon Alan LEONG Kah-kit, SC</div> <div>Hon LEUNG Kwok-hung</div> <div>Hon Albert CHAN Wai-yip</div> <div>Hon Michael TIEN Puk-sun, BBS, JP</div> <div>Hon James TIEN Pei-chun, GBS, JP</div> <div>Hon WU Chi-wai, MH</div> <div>Hon YIU Si-wing</div> <div>Hon Gary FAN Kwok-wai</div> <div>Hon CHAN Chi-chuen</div> <div>Hon CHAN Han-pan, JP</div> <div>Dr Hon Kenneth CHAN Ka-lok</div> <div>Hon CHAN Yuen-han, SBS, JP</div> <div>Hon LEUNG Che-cheung, BBS, MH, JP</div> <div>Hon Alice MAK Mei-kuen, JP</div> <div>Dr Hon Fernando CHEUNG Chiu-hung</div> <div>Dr Hon Elizabeth QUAT, JP</div> <div>Ir Dr Hon LO Wai-kwok, BBS, MH, JP</div> <div> (Total: 30 members)</div>
Clerk	Ms Sharon CHUNG
Legal Adviser	Miss Winnie LO