

立法會
Legislative Council

LC Paper No. CB(1)2026/99-00
(These minutes have been seen
by the Administration and cleared
by the Chairman)

Ref: CB1/BC/9/99/2

**Bills Committee on
Urban Renewal Authority Bill**

**Minutes of meeting held on
Monday, 5 June 2000, at 8:30 am
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Edward HO Sing-tin, SBS, JP (Chairman)
Hon LEE Wing-tat
Hon LEE Cheuk-yan
Hon NG Leung-sing
Hon Christine LOH
Hon CHAN Yuen-han
Dr Hon LEONG Che-hung, JP
Hon LEUNG Yiu-chung
Hon WONG Yung-kan
Hon Emily LAU Wai-hing, JP
Dr Hon TANG Siu-tong, JP
- Members absent** : Hon Gary CHENG Kai-nam, JP (Deputy Chairman)
Hon HO Sai-chu, SBS, JP
Ir Dr Hon Raymond HO Chung-tai, JP
Hon Ronald ARCULLI, JP
Hon James TO Kun-sun
Hon Andrew WONG Wang-fat, JP
Hon TAM Yiu-chung, GBS, JP
Hon FUNG Chi-kin
- Public officers attending** : Mr Stephen FISHER
Deputy Secretary for Planning and Lands
(Urban Renewal and Buildings)
- Ms Olivia NIP
Principal Assistant Secretary for Planning and Lands
(Urban Renewal)

Mr T K LEE
Assistant Director/Urban Renewal (Ag)
Planning Department

Mr J D SCOTT
Senior Assistant Law Draftsman

Clerk in attendance : Miss Odelia LEUNG
Chief Assistant Secretary (1)1

Staff in attendance : Ms Bernice WONG
Assistant Legal Adviser 1

Miss Becky YU
Senior Assistant Secretary (1)3

I Meeting with the Administration

Proposed enhancement of the Home Purchase Allowance (HPA) (LC Paper No. CB(1) 1705/99-00(03))

Ms Emily LAU enquired about the rationale for revising the basis for calculating HPA for owners of domestic properties affected by land resumption from a replacement flat of about ten years' old to a replacement flat of about eight to ten years' old. The Deputy Secretary for Planning and Lands (DS/PL) advised that the current proposal was initiated in response to views collected from the public consultation exercise on the Bill. The proposed revision aimed at providing greater flexibility to affected owners, particularly those living in project areas where no ten-year old replacement flats were available, so that they could have a wider choice of flats in the same locality. He added that if the proposal had the support of members, the Administration would seek the approval of the Finance Committee of the Legislative Council (LegCo) to improve HPA in November 2000.

2. Mr LEE Wing-tat did not agree that the cost of a replacement flat should be based on the value of a flat of a certain age range as this might give rise to inequity where owners living in project areas with no supply of ten-year old replacement flats would receive higher HPA than their counterparts in other project areas. To ensure consistency, the cost of a replacement flat should be estimated on the basis of an eight-year instead of an eight to ten-year old flat. As a step forward, Mr LEE considered that the compensation formula for HPA should be further enhanced using the cost of a five-year old replacement flat. In response, DS/PL cautioned that further enhancement of HPA as proposed by Mr LEE would substantially increase the development cost of the 20-year urban renewal programme. According to the

Administration's assessment, the development cost would be increased by about \$0.9 billion if the calculation basis for HPA was revised from a replacement flat of ten years' old to a replacement flat of eight to ten years' old. To facilitate members' understanding, the Administration was requested to provide information on the additional cost to be incurred if the calculation basis for HPA was further revised to a replacement flat of eight years' old.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1) 1802/99-00(03).)

3. Given that owners would be deprived of the opportunity for negotiating with the Urban Renewal Authority (URA) the compensation for resumption of their properties, Mr LEE Cheuk-yan agreed with Mr LEE Wing-tat that a more generous compensation package should be offered to them. Moreover, as the property prices in the proximity of a project area would rise in the light of a sudden surge in demand from the affected owners, the revised HPA might not be sufficient for them to buy a replacement flat comparable to the one being resumed. He therefore urged the Administration to review the policy on HPA. In reply, DS/PL stressed that property prices would hinge on the market situation at that time. He added that under the Lands Resumption Ordinance (Cap. 124) (LRO), notices of resumption would be served on the property owners concerned three months before the reversion of ownership to the Government. This would provide sufficient time for the affected owners to look for a suitable replacement flat.

4. Ms Emily LAU asked if the Administration had a performance pledge on when the compensation should be paid to affected owners to enable them to buy a replacement flat as soon as possible. DS/PL explained that according to past experience, delay in the payment of compensation was mainly attributed to problematic title cases where owners concerned had to provide additional documentary evidence to substantiate their ownership. He assured members that efforts would be made to assist these owners in the clearance process.

Cash compensation for tenants of domestic premises affected by repossession for redevelopment or by land resumption
(LC Paper No. CB(1) 1766/99-00(02))

5. Mr LEE Cheuk-yan remarked that the cash compensation package of the Land Development Corporation (LDC) which included an incentive payment was better than that to be offered by URA. He considered that there was a need for the Administration to review the cash compensation terms of URA to ensure that these would not be inferior to that of LDC. In reply, DS/PL explained the different compensation policies between LDC and URA. He said that due to the lack of rehousing units, LDC had to offer an incentive payment in addition to the statutory compensation under section 119F(4) of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) to encourage tenants to move out of their premises before the date of the statutory compensation offer. Unlike LDC, URA's goal was to improve the quality of life of residents in older areas through rehousing to public housing flats provided by the Housing Authority or the Housing Society. Given that displaced

tenants who declined to accept rehousing could opt for cash compensation, Mr LEE remained of the view that a comparable cash compensation package to that of LDC should be offered by URA. DS/PL advised that the amount of cash compensation would be determined by URA, but the amount would not be less than the statutory compensation under the Landlord and Tenant (Consolidation) Ordinance.

6. Ms Emily LAU asked if the substantial financial loss incurred by LDC over the past years was partly attributed to the overly generous compensation terms being offered by LDC. DS/PL clarified that except for the two projects in Tsuen Wan and Kennedy Town where LDC had to pay substantial amount of interest due to protracted negotiations with the affected owners, LDC had not experienced any financial loss in implementing redevelopment projects, particularly for those joint-venture ones as the joint-venture partners concerned had to absorb any loss incurred. Mr LEE Wing-tat agreed that the amount of compensation was incomparable to the bank interest incurred as a result of protracted negotiations with residents concerned. As such, efforts should be made to expedite the land assembly process.

Transfer of uncompleted projects from LDC to URA
(LC Paper No. CB(1) 1766/99-00(03))

7. On the latest position of the outstanding projects of LDC, DS/PL advised that upon the dissolution of LDC, there would still be seven ongoing projects (i.e. projects which had been started, but not yet completed) and 25 announced projects (i.e. projects which had been announced, but not yet started). At members' request, the Administration undertook to provide a list of the outstanding LDC projects.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1) 1802/99-99(03).)

8. Ms Emily LAU asked how URA could prevent people from moving into the 25 announced LDC project areas with a view to acquiring the eligibility for compensation and rehousing upon redevelopment. DS/PL advised that LDC had conducted freezing surveys for all the 25 projects. This would provide URA with useful information on the number of persons to be affected. However, in view of the long lead time before the actual implementation of these projects, consideration was being given for URA to conduct a second round of freezing surveys nearer the time of redevelopment to ascertain the actual number of affected residents.

9. Mr LEE Wing-tat did not agree that URA should re-conduct freezing surveys lest this would encourage people to move into the respective project areas. DS/PL advised that this should not be a problem since people would not know when the 25 LDC projects would be implemented until they were published in the Government Gazette by URA. As to when a decision on the need for a second round of freezing surveys would be made, DS/PL replied that this would have to be decided by URA after its establishment. Mr LEE remained unconvinced of the Administration's response. He expressed worries that the inflow of additional residents into the project areas would inevitably increase the development cost of the respective projects. As resource implication would affect URA in selecting projects for priority redevelopment,

Mr LEE cautioned that it would be unfair to residents who had been registered in the initial freezing surveys in the event of delay of implementation of the 25 LDC projects as a result of increase in development cost.

10. Mr LEE Cheuk-yan however took a different view. He concurred with the Administration that it would not be appropriate to deprive the opportunity of those residents who moved into the 25 LDC project areas after the initial freezing surveys for compensation and rehousing, particularly if the respective projects were to be implemented long after the initial freezing surveys. To facilitate a better understanding, Mr LEE enquired about the schedule within which the 25 LDC projects would be implemented. DS/PL advised that a definite time-table might not be available having regard to the large scale of these projects. He nevertheless assured members that the Administration would stipulate in the Urban Renewal Strategy (URS) that priority redevelopment should be accorded to the 25 LDC projects.

11. To expedite the rehousing process for displaced tenants, Mr LEE Wing-tat considered that efforts should be made to encourage tenants concerned to register on the Waiting List for public rental housing. DS/PL took note of Mr LEE's view.

II Clause-by-clause examination of the Bill (LC Paper No. CB(1) 1424/99-00)

12. Before commencing discussion, Ms Emily LAU asked when the Committee Stage amendments (CSAs) for the Bill would be ready. The Senior Assistant Law Draftsman advised that the draft CSAs would be ready by the afternoon, but these had yet to be confirmed by the Administration before submission to the Bills Committee for consideration.

Clause 1. Short title and commencement

13. As to when the URA Ordinance would come into operation, DS/PL advised that after the passage of the Bill, a Provisional URA would be set up to carry out the necessary preparatory work for the establishment of URA in November 2000.

Clause 2. Interpretation

14. No particular comments were made on the clause.

Clause 3. Establishment of Authority

15. Mr LEE Wing-tat enquired about the policy intent of clause 3(3) which provided that URA should not be regarded as a servant or agent of the Government. DS/PL advised that the clause aimed at protecting the public to ensure that URA would not enjoy the immunity or privilege of the Government in any legal proceedings. Given that URA would resume land in the nine target areas for the Government, Mr LEE expressed concern that residents aggrieved by land resumption might not be able to sue the Government if URA was not regarded as a servant or agent of the

Government. He also pointed out that as URA was intended to be an organization with limited liabilities only, it could wind up its business in the event of non-sustainable financial loss without the obligation to compensate the affected residents in any of its outstanding projects. The aggrieved residents would not be able to seek redress from the Government if URA was not regarded as a servant or agent of the Government. Since URA had to act according to URS to be formulated by the Government, DS/PL assured members that any residents aggrieved by urban renewal could institute legal proceedings against the Government. He nevertheless undertook to review clause 3(3) and revert back to the Bills Committee in due course.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1) 1802/99-00(03).)

16. Mr NG Leung-sing asked if non-executive directors who were public officers would be treated differently from those who were not public officers in legal claims against URA. DS/PL clarified that URA would, in its own name, be held liable for any legal claims against it. For claims against individual directors, DS/PL advised that the Government would bear the legal cost for non-executive directors who were public officers. Disciplinary actions under the Civil Service Regulations would however be taken against the public officers concerned if misconduct or negligence was subsequently substantiated. Dr LEONG Che-hung did not agree that non-executive directors should be held personally liable for any decisions of the URA Board. He considered it necessary for the Administration to clarify this in the Bill. DS/PL undertook to look into the issue with reference to other similar legislation.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1) 1802/99-00(03).)

Clause 4. Establishment of Board of Authority

17. On the need for PURA, DS/PL explained that the setting up of PURA was necessary to carry out the preparatory work for the establishment of URA, which would include the handling of transitional matters and the preparation of the URA's first draft five-year corporate plan and the first draft annual business plan. Noting that LDC would continue to exercise the powers conferred under the Land Development Corporation Ordinance (Cap. 15) after the passage of the Bill and before the URA Ordinance came into operation, and that the draft corporate and business plans had yet to be ratified by URA after its establishment, Dr LEONG Che-hung was not convinced of the need for PURA. Mr NG Leung-sing also considered that the setting up a preparation committee or working group would suffice to deal with transitional matters. DS/PL undertook to consider the members' views.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1) 1802/99-00(03).)

18. As regards the composition of PURA, DS/PL advised that it would be managed by a Board with the same composition as that of URA. The PURA Board would be appointed by the Chief Executive (CE). As it was intended that all members of the

PURA Board would be appointed to the URA Board, the interim period would provide an ample opportunity for members concerned to familiarize with the work of URA.

19. Dr LEONG Che-hung questioned the rationale for not specifying in the Bill the capacity of the public officers to be appointed to the URA Board. DS/PL explained that according to LDC experience, public officers whose work was closely related to redevelopment would be appointed to the LDC Management Board. For example, the Director of Lands and the Director of Home Affairs. It was anticipated that similar arrangement would be applied for the URA Board. Mr NG Leung-sing asked whether the public officers concerned would be appointed in their personal capacity or by virtue of their designation; whether they could be represented in the URA Board vice their absence and whether they could vote by proxy through their representatives in the Board. DS/PL advised that detailed arrangements would be spelt out in the appointment letter to be issued by CE. Nevertheless, the present thinking was that public officers should be appointed by virtue of their designation, and that voting should be made in person.

20. As to whether residents' representative would be appointed to the URA Board to enhance the public representativeness of URA, DS/PL considered it inappropriate as this might give rise to conflict of interest. Nevertheless, residents' representatives would be invited to sit in the district advisory committees to be established in each of the nine urban renewal target areas. Mr LEUNG Yiu-chung asked if the Administration would consider appointing an elected LegCo Member to the URA Board. In reply, DS/PL pointed out that it might be difficult to delineate whether the Member concerned should be held accountable to CE or LegCo. Ms Christine LOH also expressed doubt that the appointment of a LegCo Member to the URA Board could enhance the public accountability of URA. An alternative would be for URA to open up its meetings to the public. DS/PL advised that this might not be possible having regard to the sensitive issues to be discussed by URA at its meetings. Mr LEE Wing-tat remained of the view that the best way to enhance the accountability of URA would be for CE to nominate the non-executive directors of the URA Board, including the non-executive Chairman, for endorsement of LegCo.

21. Owing to time constraint, members agreed to continue with the clause-by-clause examination of the Bill at the next meeting.

III Any other business

22. There being no other business, the meeting ended at 10:50 am.