

立法會
Legislative Council

LC Paper No. CB(1)1513/99-00

(These minutes have been
seen by the Administration)

Ref: CB1/BC/9/99/2

**Bills Committee on
Urban Renewal Authority Bill**

**Minutes of meeting held on
Tuesday, 14 March 2000, at 2:30 pm
in Conference A of the Legislative Council Building**

Members present : Hon Edward HO Sing-tin, SBS, JP (Chairman)
Hon HO Sai-chu, SBS, JP
Hon LEE Wing-tat
Hon Ronald ARCULLI, JP
Hon CHAN Yuen-han
Hon LEUNG Yiu-chung
Hon Gary CHENG Kai-nam, JP
Hon Andrew WONG Wang-fat, JP
Hon TAM Yiu-chung, GBS, JP

Members absent : Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Cheuk-yan
Hon NG Leung-sing
Hon James TO Kun-sun
Hon Christine LOH
Dr Hon LEONG Che-hung, JP
Hon WONG Yung-kan
Hon Emily LAU Wai-hing, JP
Hon FUNG Chi-kin
Dr Hon TANG Siu-tong, JP

**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 (Acting)
Planning Department

Mr J D SCOTT
Senior Assistant Law Draftsman

Ms R CHAI
Government Counsel

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 Election of Chairman

Nominated by Miss CHAN Yuen-han and seconded by Mr Ronald ARCULLI, Mr Edward HO Sing-tin was elected Chairman of the Bills Committee.

2. Nominated by Mr Ronald ARCULLI and seconded by Miss CHAN Yuen-han, Mr CHENG Kai-nam was elected Deputy Chairman of the Bills Committee.

3. Mr Edward HO then took over the chair for the meeting.

II Meeting with the Administration

(Legislative Council Brief (Ref: PLB(CR)150/78(99)VIII), LC Paper Nos. CB(3) 534/99-00, LS 78/99-00, CB(1) 939/99-00 and Appendix III to CB(1) 1137/99-00)

4. At the invitation of the Chairman, the Deputy Secretary for Planning and Lands (DS/PL) advised that the Blue Bill was prepared in the light of the views collected from the public consultation on the White Bill. He then briefed members on Appendix III to LC Paper No. CB(1) 1137/99-00 setting out the comparison of the main provisions of the Land Development Corporation Ordinance (Cap. 15) (LDCO), the White Bill and the Blue Bill.

Establishment

5. The Chairman was disappointed that despite repeated requests by the Subcommittee to study the Urban Renewal Authority White Bill that the Board of the Urban Renewal Authority (URA) should comprise a non-executive Chairman and a Chief Executive Officer to ensure proper checks and balances, the Administration insisted to adopt an executive-chairman model for the Blue Bill. He questioned the rationale for such an arrangement. DS/PL advised that as URA would be responsible for the implementation of a large number of redevelopment, rehabilitation and preservation projects, a Board comprising an executive Chairman and two executive directors was considered more appropriate so that they would be directly held accountable for the performance of URA.

6. Mr LEE Wing-tat noted that the Land Development Corporation (LDC) was opposed to the proposed executive-chairman model lest the Chairman concerned would have unfettered powers of decision. Miss CHAN Yuen-han agreed with LDC's view and said that the executive Chairman would have excessive power. DS/PL disagreed with LDC's view. He pointed out that the current non-executive chairman model of LDC was not suitable for URA. According to past experience, the unclear division of responsibilities between the Chairman and the Chief Executive of LDC had affected the work of LDC. Mr LEUNG Yiu-chung did not accept the Administration's explanation. He said that unless concrete examples could be provided to substantiate the Administration's assessment of LDC's work, it would be unfair to criticize LDC having regard to its contribution to urban renewal over the past years. In reply, DS/PL considered it inappropriate to comment on individual LDC projects. He remarked that the decision to adopt an executive-chairman model for URA was made with reference to other public bodies such as the Mass Transit Railway Corporation (MTRC) and the Kowloon-Canton Railway Corporation. DS/PL added that as the executive Chairman would be appointed by the Chief Executive (CE) on a contract basis, he would be directly responsible to CE. Moreover, the remuneration package and the renewal or otherwise of the employment contract of the executive Chairman would be performance-based.

7. Members remained unconvinced of the reasons for adopting the executive-chairman model for URA given that the Airport Authority, the Housing Authority and the Mandatory Provident Fund Schemes Authority all had a non-executive chairman. DS/PL acknowledged that the executive-chairman model and the non-executive chairman model each had its own merits. The selection criterion was which of these two models was more suitable for URA. Mr LEUNG Yiu-chung however cautioned that unlike the appointment of non-executive Chairman which could be terminated at any time, the Administration could not dismiss an executive Chairman within the contract period without compensation even in the event of non-performance.

8. As to how the Administration would assess the performance of the executive Chairman of URA, DS/PL explained that in accordance with the Government's urban

renewal strategy, URA would prepare a draft corporate plan setting out its proposed programme of projects for the next five years and a draft annual business plan setting out the projects to be implemented in the next financial year. The progress of these plans would form the basis upon which the performance of the executive Chairman would be assessed. Mr LEE Wing-tat expressed concern that the executive Chairman might be tempted to focus on profitable projects with a view to improving his performance during the three-year contract period. DS/PL stressed that URA was not a profit-making organization. The responsibility of the executive Chairman was to implement the Government's urban renewal strategy effectively and efficiently. The Chairman however questioned the viability of pegging the remuneration package of the executive Chairman to performance if URA was not profit-oriented. DS/PL advised that the Administration had commissioned two consultancy studies on the employment and the remuneration package of the executive Chairman of URA. A final decision had yet to be made pending the results of these studies.

9. In view of the far-reaching implications of urban renewal on residents concerned, Mr LEUNG Yiu-chung considered it inappropriate for URA to put too much emphasis on efficiency in the implementation of the urban renewal programme. Expressing similar concern, Mr LEE Wing-tat was worried that the executive Chairman might cut back on the compensation for affected residents or benefits for employees in order to reduce costs. DS/PL clarified that the executive Chairman was not empowered to change the compensation package for residents affected by urban renewal which would comprise a statutory compensation in accordance with the Land Resumption Ordinance plus a Home Purchase Allowance where appropriate. Moreover, clause 32(5) provided that every employment contract or other agreement with any person entered into by LDC which was in force immediately before the commencement of the Urban Renewal Authority Ordinance should, as from that date, have effect as if URA was substituted for LDC, and the contract or other agreement might be enforced by or against URA.

10. Members questioned the need for an executive Chairman for URA if he simply implemented the urban renewal programme in accordance with the urban renewal strategy. To facilitate further discussion, the Administration was requested to explain why the non-executive chairman model was considered not appropriate for URA and how the proposed executive-chairman model would enhance the efficiency and accountability of URA, preferably with reference to the operational experience of LDC.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 1222/99-00(01).)

Public accountability

11. Members noted the removal from clause 9 of the Blue Bill of the requirement for the Chairman and the executive directors of URA to attend meetings of the Legislative Council. Mr Andrew WONG considered this appropriate since only

public officers designated by the Government might attend meetings of the Legislative Council and speak on behalf of the Government and the staff of URA were not public officers. The Assistant Legal Adviser 1 said that as the Council might summon any person to attend before the Council by virtue of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382), the deletion of the requirement would not affect the monitoring role of the Legislative Council.

Planning procedures

12. The Chairman questioned the rationale for empowering the Financial Secretary (FS) to approve with amendments draft corporate plans and business plans submitted by URA under clauses 18 and 19 respectively. DS/PL explained that FS might not agree on certain items of a draft corporate plan or business plan on the grounds that they were not financially viable, or that there were inadequate re-housing resources. If FS was not allowed to amend these plans, he might have to refuse to approve the plans. In order to provide flexibility and to avoid the need for re-submission by URA, it was necessary and appropriate to provide FS with the power to approve a draft corporate plan or business plan with amendments. As to whether FS would consult URA before making the amendments, DS/PL advised that there was no provision in the Bill in this regard. Nevertheless, the Administration would work closely with URA to expedite the approval process for these plans.

13. Given that four public officers would be sitting on the URA Board and they would advise URA on the formulation of draft corporate plans and business plans before submission to FS, the Chairman considered it inappropriate for FS to bypass the URA Board to amend these plans. He opined that FS should return these plans to URA for amendment instead of amending them by himself. DS/PL clarified that the four public officers in the URA Board were not tasked to monitor the day-to-day operation of URA. The Planning and Lands Bureau (PLB) would assume a coordinating role in the consideration and approval of the draft corporation plans and business plans. He reiterated that the empowering provision for FS to approve these plans with amendments would avoid any delay due to re-submission of plans. Mr LEE Wing-tat expressed concern that URA Board would adjust their strategy in formulating the draft corporate plans and business plans with a view to meeting the expectation of FS. Members urged the Administration to review the need and the merits of empowering FS to approve corporate plans and business plans with amendments.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 1222/99-00(01).)

14. Members noted with concern that PLB would not be represented in the URA Board. DS/PL advised that this was to avoid conflict of interest since PLB would assist in the consideration of draft corporate plans and business plans submitted by URA. Such an arrangement was consistent with the current practice of the Town

Planning Board (TPB) whereby the Director of Planning, who was also the Vice Chairman of TPB, was required to declare interest and withdraw from the meeting at which applications from LDC were discussed on account of his capacity as a member of the LDC Board. The Chairman did not accept the Administration's explanation. He pointed out that as the subject of urban renewal fell under the purview of PLB, PLB should be represented in the URA Board as in the case of the Housing Authority and MTRC where representatives from the Housing Bureau and the Transport Bureau were sitting on the respective Boards. DS/PL explained that as the Secretary for Planning and Land (SPL) was the approving authority for URA development projects with or without objections, the decision of SPL would be subject to challenge in court if he was a member of the URA Board.

15. On the *objection mechanism for a development project*, Mr LEE Wing-tat noted clause 21(1) which stipulated that any person who wished to object to the implementation of a development project should send a written statement to URA within a period of one month after the first publication of the project in the Gazette. He considered the one-month objection period too short, particularly for submission of alternative plans by objectors. DS/PL advised that comparing with LDCO, the Bill was already an improvement as it provided an opportunity for persons affected by a development project to raise objections and to be heard. He further explained that the purpose of publishing a project and announcing its commencement date in the Gazette was to provide a cut-off date for determining the re-housing eligibility of affected tenants. A freezing survey would be conducted on the same day as the publication of the project. Lengthening the objection process would exacerbate the anxiety of the residents concerned. It would also make it more difficult to control the population growth and unauthorized building works within the project area during the extended objection period. DS/PL emphasized that there was no role for URA if property owners or private developers were willing or capable of redeveloping the project area by themselves. As such, the chances for submission of alternative plans by owners or developers concerned were slim.

16. Mr LEE agreed that owners might not have the initiative to redevelop their properties under normal circumstances. However, they might change their mind and choose to collaborate with private developers once URA had indicated its intention to resume their properties for redevelopment. The Chairman echoed that owners concerned might prefer to sell their properties to private developers if they offered a higher price for the properties than URA. The developers concerned would need time to conduct various assessments, including traffic and environmental impact assessments, and employ town planners for the purpose of preparing an alternative plan to URA for consideration. DS/PL advised that unlike URA which could request SPL to recommend to the Chief Executive in Council the resumption of land, private developers had to obtain at least 90% of the shares of a lot before an application for compulsory sale of the land could be lodged. As such, the proposed extension of the objection period might not be useful. Besides, it was envisaged that not many owners would be willing to sell their properties to private developers since the latter could not provide re-housing arrangements to tenants concerned.

17. Mr TAM Yiu-chung said that the objection period of one month might be too short if an objector was required to provide written justifications for the objection. Expressing similar concern, Miss CHAN Yuen-han considered that the objection period should be extended, particularly for large-scale redevelopment projects, since the affected residents in the project areas would need time to organize as in the case of the redevelopment of To Kwa Wan Seven Streets. In view of members' concern, DS/PL undertook to consider extending the objection period under the Bill to two months.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 1222/99-00(01).)

18. The Chairman noted with concern that owners whose properties were affected by any amendment to a development project made by SPL to meet objections were only given 14 days to raise objections to the amendment. Mr LEE Wing-tat considered that the 14-day period was acceptable if the persons affected were already included in the original proposed project and had been given one month to raise objection to the project. For those owners who were not included in the original project, a longer objection period should be given. DS/PL however cautioned that any extension of time might be subject to abuse if someone was intent on procrastinating the redevelopment process. Mr LEE did not accept the Administration's explanation. He pointed out that in the event of expansion of the original redevelopment proposal, the number of owners affected by the amended proposal could be much more. It would be unfair to those owners not included in the original proposal if they were only given 14 days to raise objection. The Administration was urged to review the adequacy the 14-day period.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 1222/99-00(01).)

III Any other business

19. Members agreed to make advertisement to invite public views on the Bill and to invite persons and organizations which had made written submissions to the Subcommittee to Study the Urban Renewal Authority White Bill to make oral presentation. Members also agreed that the following meetings would be dedicated to receiving deputations -

- Monday, 3 April 2000, at 8:30 am; and
- Friday, 14 April 2000, at 10:45 am.

20. Members agreed to continue discussion on the comparison of the main provisions of LDCO, the White Bill and the Blue Bill at the next meeting on Monday, 27 March 2000, at 4:30 pm.

21. The meeting ended at 4:30 pm.

Legislative Council Secretariat

4 May 2000