

Presentation to the Special Finance Committee of Legislative Council
by the Secretary for Development on 27 March 2009 at 5:25 pm

Chairman,

First of all, I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 172 written questions from Members accounting for the use of resources under the purview of Planning and Lands. They are here to respond to any further questions that Members may wish to raise.

2. DEVB will face a number of new challenges in the coming year, with additional resources allocated under various programmes to meet new demands. My 2009-10 Operating Expenditure on Planning and Lands is \$3,749.7 million, representing an increase of \$161.47 million or 4.5% compared with the revised estimate of \$3,588.2 million for 2008-09. Excluding 44 posts for phasing out Non-Civil Service Contract Staff positions with long term service needs, there will be an increase of 61 civil service posts, including 4 directorate posts, for undertaking various initiatives under this portfolio.

3. I would like to take a few minutes to brief Members on several priority tasks of the Planning and Lands portfolio in the new financial year.

Cross-boundary Planning and Development

4. In collaboration with Guangdong and Macao, we will further strengthen our efforts in regional cooperation and coordination in infrastructure planning and development under “The Outline of the Plan for the Reform and Development of the Pearl River Delta Region (PRD) (2008-2020)” (the Outline), as promulgated by the Central Government in January 2009. The Outline has clearly upgraded the overall development of PRD and the collaboration among Guangdong, Macao and Hong Kong to the strategic national development level. We will grasp the opportunities generated under the Outline and continue our close liaison with the Mainland authorities on the planning of the PRD region and boundary areas. In particular, we will press ahead with the planning and construction of Heung Yuen Wai Boundary Control Point (BCP) and the development of Lok Ma Chau Loop. In addition, we will complete the land use planning for the closed area this year as scheduled, continue to carry out a planning and engineering (P&E) study on the Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling New Development Areas (NDAs), and commence Hung Shui Kiu NDA P&E Study by the end of this year.

5. I would like to take this opportunity to express my gratitude to Members of the Finance Committee of the Legislative Council for approving the creation of a directorate post in DEVB to provide strategic and policy inputs on cross-boundary planning and development issues.

Building Safety

6. To provide financial assistance to elderly owners with low income or no income at all to properly repair and timely maintain their self-occupied premises, it was announced in the Budget last year that we would launch a \$1 billion Building Maintenance Grant Scheme for Elderly Owners to help elderly owner-occupiers aged 60 or above to meet the costs for building maintenance. A maximum grant of HK\$40,000 is available for each eligible elderly owner-occupier for building maintenance and/or repayment of the outstanding loan(s) in relation to building maintenance.

7. The Hong Kong Housing Society is appointed to administer the Scheme. Since the launch of the Scheme in May last year, up to the end of February this year, the Hong Kong Housing Society has approved some 2,500 applications involving a sum of around \$63.1 million. The Hong Kong Housing Society will continue to promote the Scheme so that more elderly owners will benefit from it.

Operation Building Bright

8. To counter the financial tsunami, it was announced in this year's Budget that we would introduce an "Operation Building Bright" which is a one-off measure with a specific target and purpose for two years. The Government will earmark \$700 million and, together with the contribution of \$150 million each from the Hong Kong Housing Society and Urban Renewal Authority, a total funding of \$1 billion will be provided for the Operation.

9. The major characteristic of this scheme is that it is a large-scale campaign that can reap quick benefits. We hope to create a large number of job opportunities for the construction industry, especially in the field of decoration and maintenance, within the shortest period of time. According to our estimation, the campaign will create 10,000 jobs for construction and maintenance workers as well as related professionals and technicians, among others, in the next two years.

10. The Operation is a special measure. The HKSAR Government believes that building maintenance is basically the responsibility of building owners. As in the past, we will push ahead with building maintenance through legislation and various assistance schemes to ensure building safety in Hong Kong.

11. In order to reap “quick” benefits, the Operation is “building-based”. Once a building is selected as a target building, all the owners of the building will be subsidised without the need to undergo asset or income means tests. A grant amounting to 80% of the cost of repair of common areas, subject to a ceiling of \$16,000, will be provided to these owners, including residential or commercial units). Elderly owner-occupiers aged 60 or above can receive a grant to cover the full cost of repair of common areas, subject to a ceiling of \$40,000.

12. If owners have difficulties in co-ordinating repair works, such as buildings without owners’ corporations, relevant Government departments will get directly involved in these cases, i.e. the Buildings Department will serve statutory repair orders. If the orders are not complied with, the Department will directly arrange contractors to carry out repair works.

13. We will consult the Legislative Council's Panel on Development on March 31 and shortly apply for funding from the Finance Committee. With support from the Legislative Council, the operation can be officially launched in May at the earliest, and jobs can be created from the middle of this year.

Removal of abandoned signboards

14. As a measure to further create job opportunities and beautifying the cityscape, the Government will allocate \$18 million to the Buildings Department for a special operation to remove 5 000 abandoned signboards within 12 months.

15. The Buildings Department will conduct inspections to locate abandoned signboards. It is soliciting assistance from District Councils, owners' corporations, mutual aid committees, fire safety ambassadors and other bodies in local districts to provide information on the locations of abandoned or dangerous signboards. Under the special operation, the Buildings Department will first focus its action on areas with busy commercial activities or areas with more abandoned signboards. The Buildings Department will take into account information provided by various organisations so as to arrange for specific removal programmes.

16. This special operation commenced in early March 2009. It is expected that the operation will create about 170 job opportunities. It will also enhance public awareness on safety and improve the cityscape.

Introduction of the Minor Works Control System

17. We will introduce a minor works control system to facilitate members of the public to carry out minor building works through simplified statutory requirements and procedures. In this connection, the Buildings (Amendment) Ordinance 2008 was passed by the Legislative Council in June last year.

18. To set out the details of the modus operandi of the minor works control system, we have gazetted the relevant subsidiary legislation today and will table the same at the Legislative Council on 1 April. We hope that the subsidiary legislation will be passed as early as possible for the commencement of the minor works control system in 2009-10.

19. To facilitate the implementation of the new system, the Buildings Department will engage a large-scale public education campaign to enhance the understanding of the public and practitioners of the system.

20. We will provide additional resources of some \$15 million per annum to the Buildings Department to meet the cost of planning and implementation of the minor works control system. This involves the creation of 32 posts and resources to carry out publicity and educational activities.

Mandatory Building and Window Inspection Schemes

21. Based on the community consensus achieved through the previous public consultations, we are drafting the legislation on the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme. We consulted members of the Panel on Development on the operational details of the proposed schemes in June 2008 and February 2009 respectively.

22. We will continue to consult the Panel and aim to introduce the relevant bill into the Legislative Council by the end of this year in order to attain a long-term solution to the problem of building neglect.

Review of the Urban Renewal Strategy

23. We launched the Review of the Urban Renewal Strategy in July last year. The Review consists of three stages, and so far we have completed Stage 1, which aims to envision the future direction of urban regeneration and set the agenda for the Review.

24. In the coming year, Development Bureau, with the support of the Urban Renewal Authority, will provide to the public information about the background of various issues and the relevant overseas experience. We will also engage the stakeholders and the general public in informed, thorough and in-depth discussions of the issues identified, through a series of public engagement activities, including radio programmes, road shows, topical discussion sessions and public forums. In

the remaining two stages of the Review, we will continue to engage the general public in an open manner to focus on the unique challenges we face and explore the future direction of urban regeneration in Hong Kong.

Promoting Private Development Projects

Development Opportunities Office

25. In order to encourage and facilitate private sector investments, the “Development Opportunities Office” (DOO) will be established under the Development Bureau. The DOO will provide one-stop consultation and co-ordination services for project proponents from the private and non-governmental sectors, and to provide an effective platform where bureaux and departments can jointly assess the benefits brought by the proposed projects. The DOO will report to the Secretary for Development. As stressed by the Financial Secretary, the DOO will not replace the existing statutory procedures, public consultation and regulation, but would increase administrative efficiency and speed up the implementation of private projects through coordination by a dedicated office.

26. Projects submitted by the private and non-governmental sectors should generally meet the following criteria to qualify for the DOO’s assistance:-

- (a) The project proponent should own the land to be used in the development project (but the use of land may require lease modification or land exchange);

(b) The project should not be exclusively residential but should contain certain components of wider economic value, e.g. contributing to tourism, logistics, services, heritage or nature conservation, community uses, etc.;

(c) The project should fulfill all statutory regulations and land premium or costs will be charged in accordance with established government policies.

27. To provide for public involvement in the consideration of such projects at an early stage, we will reorganise the Land and Building Advisory Committee by appointing to it members from a wider spectrum of the community, such as tourism, environmental protection, nature and heritage conservation, so that the Committee will contribute a wide range of ideas to the work of the DOO. The functions of the Committee will also be enhanced so that it may advise on individual development projects.

28. Our initial proposal is to create two directorate posts to head the DOO, and to redeploy internal resources for staffing the DOO. In 2009-10, we have included additional provision under Head 159 Government Secretariat: Development Bureau (Works Branch) for the creation of posts to co-ordinate and oversee the implementation of major infrastructure projects. Some of these new resources will be re-allocated to the Planning and Lands Branch for the setting up of the DOO. The DOO is under the Office of the Secretary for Development. We will consult the Panel on Development on 28 April for the DOO to commence operation around the middle of the year.

Streamline the lease modification process

29. The Government is committed to speeding up the approval procedures for private developments, and reviews from time to time the procedures and processes for handling such applications with a view to moving with the times. As pointed out by the Chief Executive in his 2007-08 Policy Address, the Government is not only a regulator, but also a service provider. We are responsible for enhancing the efficiency of the building construction industry and the property development market. In this respect, the Lands Department (LandsD) has launched a pilot scheme in the District Lands Office (Hong Kong West and South) by setting up a dedicated team to step up case management and monitor closely the progress of processing applications with a view to expediting the processing of lease modification and land exchange applications.

30. Since the launch of the pilot scheme by the District Lands Office (Hong Kong West and South) on 1 April 2008, the number of binding basic terms offers (BBTO) issued and the number of completed cases as at 12 February 2009 are 24 and 86 respectively, as compared to 16 and 41 for the 2007/08 financial year, representing an increase of 50% and 109% respectively. For cases received since 1 April 2008, the processing time of cases with BBTO issued has also been shortened by 42% from the average of 282 days for the 2007/08 financial year to 165 days. LandsD will assess the overall effectiveness of the measures of the pilot scheme in April 2009.

Beautifying the Harbourfront

31. With regard to harbourfront enhancement, I wish to express my sincere gratitude to the Finance Committee for approving the creation of one Administrative Officer Staff Grade C (AOSGC) post in the Development Bureau with effect from 1 April 2009. The Principal Assistant Secretary will lead a dedicated team to strengthen policies on harbourfront enhancement, formulate and coordinate the implementation of harbourfront initiatives, provide support to the Harbour-front Enhancement Committee and its sub-groups, enhance the liaison and communication with concern groups and district councils, and strengthen public engagement.

32. In the coming financial year, the Development Bureau will also increase the funding for the Harbour-front Enhancement Committee from \$5 million to \$7.5 million annually to assist the Committee's work, including research and public engagement exercises.

Conclusion

33. Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.