

(Translation)

LEGCO QUESTION NO. 3

(Oral Reply)

Asked by the Hon HUI Cheung-ching Date of Meeting : 25 February 2004

Replied by : Secretary for Housing,
Planning and Lands

Question

Regarding the substantial amount of vacant units in factory building in Hong Kong and the use of some of these units for illegal occupation or other purposes, will the Government inform this Council:

- (a) of the respective numbers and areas of factory building units owned by the Government and private sector in Hong Kong at present; their respective utilization rates in 2002 and 2003, and the number of cases in which such units were used for residential purposes;
- (b) whether the authorities have assessed if the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement can improve the vacancy level of local factory buildings; if they have, of the results; if they have not; the reasons for that; and
- (c) whether the authorities have studied how to improve the vacancy level and the misuse of factory building units, and whether they have explored the relaxation of user restrictions on factory buildings; if they have, of the results; if they have not, the reasons for that?

Reply

President,

My replies to the three parts of the question are as follows:

- (a) As at 2003, the Housing Authority manages 11 government factory estates with a total of 13,265 units and a total area of about 320,000 sq m. As five of the estates will be cleared in the near future, no letting will be made. Hence, their occupancy rates were relatively low, vacancies being 45% in 2002 and 50% in 2003. The vacancies for the remaining six estates were 4% and 6% for 2002 and 2003 respectively. As at end-2002, the total stock of private flatted factories and storage was about 21 million sq m, with a vacancy of about 10%. The figures for end-2003 are not yet available.

In 2002, the Housing Department did not receive any complaints about government factory estate units being used for residential purpose and no survey was conducted in this respect. In 2003, a survey was conducted by the Department on government factory estates and 21 cases of units being used for residential purpose were detected. For private industrial units, 14 and 30 cases of similar misuses were found in 2002 and 2003 respectively. Relevant departments have taken follow-up action on these cases.

- (b) The conclusion and implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) will bring about many opportunities to Hong Kong business, trade and service sectors, and greatly enhance economic cooperation and integration between the Mainland and Hong Kong. We anticipate that CEPA will help promote Hong Kong's existing and emerging industries, facilitate our economic restructuring and create job opportunities.

For the trading of goods, the zero import tariff preference will render Hong Kong products more competitive in terms of price vis-à-vis those produced by other economies when entering the Mainland market. We believe this will prompt some brand-name products to move their production lines to Hong Kong, or attract manufacturing processes with high-value added content or substantial intellectual property input, thereby promoting the restructuring and diversification of industries in Hong Kong towards the high value-added and high technology mode.

We believe the above development would have a positive impact, both directly or indirectly, on the occupancy rate of local industrial premises. However, the actual impact will depend on how the local and overseas trades, particularly the manufacturing sector, will leverage on the CEPA benefits, as well as on the business development and production strategies of individual enterprise.

- (c) To facilitate industrial restructuring and to allow greater flexibility in the use of industrial premises, the scope of uses permitted in industrial

buildings has been reviewed regularly and expanded over the years by Government and the Town Planning Board. Major efforts include the introduction of the “Other Specified Uses” annotated “Business” (“OU(B)”) zone in October 2000 to allow maximum flexibility in the use of existing industrial and industrial-office buildings as well as in the development of new buildings for both commercial and clean industrial uses. About 196 hectares of industrial land has been rezoned from “Industrial” (“I”) to “OU(B)” since then.

For the remaining land under the “I” zoning, the uses always permitted were expanded in July 2001 to permit information technology (IT) and telecommunications industries, office related to industrial use, research, design and development centres. In September 2001, provisions were further made to facilitate application for planning approval for conversion of a whole industrial building to places of public entertainment, educational institutions and other compatible uses under the “I” zoning.

As such, owners of industrial buildings may change their industrial buildings into other permissible uses as cited above through modification of land leases or application for temporary waivers. The Lands Department has also introduced a simplified procedure for granting temporary waivers to facilitate owners of industrial buildings to convert their premises for other uses.

The above measures will help improve the utilization of industrial buildings. Government will continue to monitor the situation and further review the scope of uses permitted in the “I” and “OU(B)”

zones when necessary.

To address the issue of misuse of industrial units, Housing Department conducts regular inspection on Government factory estates. The Buildings Department and Lands Department take immediate follow-up action upon receiving complaints or referrals from other government departments. The Housing Department issues letters to tenants advising them not to misuse their units, while the Buildings Department also publicizes its advice to building owners not to make unauthorized alterations to their premises.

* * * *