

## **Legislative Council Panel on Development**

### **Initiatives of Development Bureau in the Chief Executive's 2018 Policy Address and Policy Agenda**

#### **INTRODUCTION**

The Chief Executive delivered her Policy Address entitled "Striving Ahead, Rekindling Hope" on 10 October 2018. This is supported by the Policy Agenda which sets out the Government's new and on-going initiatives. This paper elaborates on those initiatives under Development Bureau (DEVB).

#### **POLICY ADDRESS AND POLICY AGENDA INITIATIVES**

2. An extract of all the new and on-going initiatives under DEVB as contained in the Policy Agenda is at **Annex**. The major items are highlighted in the paragraphs below.

##### **I. Initiatives related to increasing land supply**

###### **Lantau Tomorrow Vision**

3. With the commissioning of Hong Kong-Zhuhai-Macao Bridge and having the Hong Kong International Airport, Lantau will become a "Double Gateway" connecting Hong Kong to other cities of the Guangdong-Hong Kong-Macao Greater Bay Area and the world. In order to capitalise on the competitive advantages of attracting talents and promoting economic development, the Government has formulated the "Lantau Tomorrow Vision". With due regard to conservation, we will progressively press ahead the development areas at Lantau and the coastal areas of Tuen Mun with the objective of consolidating the sustainable development of Hong Kong.

4. To unleash the development potential of existing land, the statutory planning process for the topside development at the Siu Ho Wan Depot Site was launched early this year. The site is estimated to provide no less than 14 000 residential units in the medium to long run. We hope to develop this site into a

community with subsidised and private housing as well as community facilities. We will continue to follow up with MTRCL on various details.

5. Apart from developing existing land resources, one of the initiatives of the Lantau Tomorrow Vision is to commence the study on the phased reclamation for formation of artificial islands in the Central Waters, where are relatively less ecologically sensitive, as soon as possible to provide land reserve to meeting the long-term housing, economic and employment needs. Newly formed land reserve can be used for renewal of old districts, thinning out the existing densely populated urban areas and improving the living environment. According to the preliminary technical assessment, some artificial islands with a total area of about 1 700 hectares can be constructed in phases near Kau Yi Chau and Hei Ling Chau. We roughly estimate that the artificial islands can accommodate about 260 000 to 400 000 housing units, with 70% as public housing, for a population of about 700 000 to 1.1 million, and with the first phase of housing units to be occupied in 2032. Leveraging on the locational advantage, we are going to create the third Core Business District on the artificial islands. Together with other developments, we preliminarily estimate that about 340 000 employment opportunities can be provided on the artificial islands.

6. To complement the phased development of the artificial islands in the Central Waters, we give priority to the construction of a set of new strategic road and railway networks to link up the artificial islands near Kau Yi Chau, Hong Kong Island West, North Lantau and the coastal areas of Tuen Mun. Possible strategic transport corridors will also be reserved for the long-term development. It is expected that the priority strategic roads and railways, which will be connected to existing transport networks, can greatly ease the traffic loading on the West Rail and the Tuen Mun Road as well as improve the transport performance in the Northwest New Territories and the territory.

7. The connectivity of Tuen Mun will be enhanced by the priority strategic transport networks (including the upgrading of Lung Mun Road). As part of the Lantau Tomorrow Vision, we will take forward the near-shore reclamation at Lung Kwu Tan to provide about 220 hectares of land for industrial and commercial uses, high value-added logistics centres, etc. We will also replan the development sites in Tuen Mun West (including the River Trade Terminal) and Tuen Mun East such that development potential driven by the new transport network can be fully utilised.

8. The priority strategic transport networks will consist of a new highway running parallel to the North Lantau Highway. Small-scale near-shore reclamation at Siu Ho Wan is required for its construction. Such transport network will further strengthen the “Double Gateway” position of Lantau and benefit the development of North Lantau. We plan to invite the Airport Authority Hong Kong to submit a proposal for the topside development at the Hong Kong Boundary Crossing Facilities of the Hong Kong-Zhuhai-Macao Bridge. Together with the Three-runway System, the high value-added logistics centre at the South Cargo Precinct, the SKYCITY development and the future plan for the AsiaWorld-Expo, the Hong Kong International Airport would become an Aerotropolis connecting the Guangdong-Hong Kong-Macao Greater Bay Area and the World, thereby strengthening and enhancing Hong Kong's position as an international business centre. In addition, we will continue to take forward the Tung Chung New Town Extension in North Lantau. The concepts of smart, green and resilient city will be promoted, taking the Tung Chung New Town Extension as a pilot. We will also continue the Sunny Bay reclamation for providing land reserve to develop a leisure and entertainment node and other uses.

9. In pursuing development projects, we are committed to protecting the valuable natural and rural environment of Lantau to achieve sustainable development. Adhering to the planning principle of "Development in the North; Conservation for the South" and the policy of “Conservation to precede Developments”, conservation measures will be implemented to enhance the environment capacity while carrying forward infrastructures and development projects. A \$1 billion Lantau Conservation Fund will be set up to carry out nature and cultural conservation as well as local improvement works for Lantau. Currently, we are conducting an ecological study on Pui O, Shui Hau, Tai O and neighbouring areas. Based on the study results, suitable and practicable conservation proposals will be formulated. We also plan to review relevant legislation and map out more effective means to control land filling, dumping of wastes and associated development activities causing environmental damage in areas of high ecological values at Lantau with a view to enhancing protection of the natural beauty of these areas. In the area of leisure and entertainment, we are implementing in phases the Lantau Trails and Recreation Plan to build a network of walking trails and link up heritage, ecological and recreational hotspots where possible to offer diversified sustainable leisure experience as well as to promote a healthy lifestyle.

## **Developing Brownfield Sites in the New Territories**

10. Developing brownfield sites has always been an important part of our land supply strategy. Covered in the New Development Areas (NDAs) projects under planning and implementation, including those in Kwu Tung North/Fanling North, Hung Shui Kiu, and Yuen Long South, are about 340 hectares of brownfield sites. In view of the strong public aspiration that brownfield sites should be developed to boost housing supply and improve rural planning, we will advance the study covering about 200 hectares of brownfield sites in New Territories North. We will also initiate a study on the remaining 760 hectares of scattered brownfield sites to identify those with greater development potential. As many brownfield sites are now used for port back-up, logistics operations, recycling workshops, and storage of construction machinery and building materials, etc., we need to consider how these existing operations can be handled or relocated in light of the needs of economic development. Meanwhile, we expect to complete two ongoing studies on brownfield operations this year, with a view to formulating relevant policy strategies and implementation measures.

## **Land Sharing Pilot Scheme**

11. It is Government's long-established policy that where private land is covered by Government's plans for public housing development or provision of infrastructure facilities, we will continue to resume the private land concerned pursuant to the Land Resumption Ordinance. To make better use of those privately owned land parcels not covered in Government's planned development and unleash earlier their development potential, we will start to draw up a framework for a Land Sharing Pilot Scheme (LSPS) that is based on fairness and high transparency, so as to meet the needs for both public and private housing in the short to medium term. We hope to be ready with the details of this framework to support the introduction of the pilot scheme next year, after making reference to the final report of the Task Force on Land Supply. The framework is expected to entail the following key elements:

- (i) The Government will openly invite land sharing applications. Applicants are required to explain clearly in their proposals how the private land parcels they hold could, in the short to medium term, bring about substantial increase in housing flats through means such as enhancing infrastructure, increasing plot ratio, changing land uses, etc.. The increased floor areas will be shared between the Government and

applicants, among which not less than 60% to 70% have to be used for public housing development, mainly subsidised sale flats. The types of public housing to be provided will depend on factors like subsidised housing policies, site location and provision of ancillary facilities;

- (ii) Applicants should comply with all applicable statutory procedures and land administration regimes, including submitting to the Town Planning Board (TPB) rezoning or planning applications and paying to the Government land premium at full market value in respect of lease modifications for the private housing and ancillary commercial facilities in the development;
- (iii) To take advantage of the efficiency of the private sector and expedite development, applicants will be responsible for building infrastructure facilities which can support the development concerned or even benefit the local community. Subject to assessment by the Government on cost effectiveness, the relevant cost will be deducted from land premium. If the infrastructure facilities encroach onto private land, the Government may consider, on the basis of public interest and in line with established arrangements, resuming the land for the provision of such facilities; and
- (iv) The application mechanism must be fair, open and transparent, allowing participation by all eligible private land owners. A set of transparent criteria and procedures must also be put in place for processing applications and selecting suitable projects. In addition, information of the pilot scheme must be released in a timely and transparent manner so as to dispel public worries. In this connection, applications will be put before the Land and Development Advisory Committee which comprises mostly non-official members for advice, and eventually submitted to the Chief Executive in Council for approval.

12. We also intend to set a time limit and a cap on the area to be handled for the pilot scheme, so that the Government may process projects that are most effective in the short and medium term.

### **Revitalising Industrial Buildings**

13. After reviewing the effectiveness of the previous scheme launched

between 2010 and 2016, we have decided to reactivate the revitalisation scheme for industrial buildings.

14. The scheme will include the following measures:

- (i) Lands Department will accept owners' applications, on a three-year time-limited basis, and exempt the waiver fees incurred, for wholesale conversion of industrial buildings aged 15 years or above in "Commercial" (C), "Other Specified Uses" annotated "Business" (OU(B)) and "Industrial" (I) zones into uses permitted under the relevant statutory Outline Zoning Plan. Compared with the previous scheme, there will be an additional new condition that the applicants should designate 10% of the floor area for specific uses prescribed by the Government upon completion of the wholesale conversion.
- (ii) To encourage owners to redevelop industrial buildings constructed before 1987, we will extend the application of the present planning policy about suitably increasing the maximum permissible domestic plot ratio within certain "Residential" (R) zones, so as to allow relaxation of the maximum permissible non-domestic plot ratio by up to 20% for redevelopment of these pre-1987 industrial buildings located outside "R" zones in Main Urban Areas and New Towns. Individual applications have to be made to TPB within three years, and the modified lease should be executed within a specified period after the town planning approval; and

As the above measures (i) and (ii) would also be applicable to industrial buildings located in "I" zones, owners who are keen to support industrial development can also convert or redevelop such aged industrial buildings to support industrial operations permitted in "I" zones.

- (iii) We will allow revitalisation of industrial buildings (with no building age limit) to provide transitional housing. In practice, the Government will exercise flexibility in the application of planning and building design requirements, and charge a nil waiver fee for the specific use of transitional housing, if owners provide transitional housing in portions or entire blocks of industrial buildings located in "C", "Comprehensive Development Area", "OU(B)" and "R" zones which have already undergone or will pursue wholesale conversion into non-industrial uses.

We would encourage owners to collaborate with non-government institutions to provide transitional housing, so as to provide more suitable accommodation for those yet to be allocated public rental housing or other grassroots citizens with housing needs. A task force under the Transport and Housing Bureau will provide one-stop, co-ordinated support to facilitate the community in pursuing transitional housing.

15. Owing to multiple ownership of some industrial buildings, owners may not be able to reach a consensus in the immediate future over wholesale conversion or redevelopment of the buildings. As such, we will also introduce the following measures to optimise the use of existing industrial buildings:

- (i) relaxing the waiver application policy on a time-limited basis (for five years initially) to permit the arts and cultural sectors and creative industries to operate at individual units of existing industrial buildings without the need for making separate waiver applications and paying waiver fees, so long as such uses are permitted under the planning regime. Subject to policy support, more uses currently permitted under the planning regime may be covered under this relaxation of the waiver application policy;
- (ii) with due regard to public safety, widening the permissible uses of buffer floors to cover telecommunications exchange centres and computer/data processing centres, so as to facilitate conversion of lower floors of industrial buildings into non-industrial uses; and
- (iii) promulgating a wider definition for “godown” uses under lease provisions of industrial buildings to cover cargo handling and forwarding operations and recyclable collection centres.

16. DEVB will announce the specific details of the above measures in due course, and launch the measures progressively by the end of this year.

### **Redevelopment of Buildings under the Civil Servants’ Co-operative Building Society Scheme**

17. At present, around 60% of buildings developed under the Civil Servants’ Co-operative Building Society Scheme (CBS) are zoned as

“Residential (A)”, and are clustered in high-density development areas in urban districts. Some of these buildings have not fully utilised the permissible plot ratios and are in the vicinity of public housing estates and their ancillary facilities. Proactively redeveloping such CBS buildings presents the opportunity to fully utilise precious land resources and increase housing supply.

18. We will invite the Urban Renewal Authority (URA) to identify one to two clusters of CBS lots suitable for high-density development as pilot sites, and to proactively redevelop these sites with a view to bringing planning and social gains and creating positive impacts on the local community. We will request URA to earmark some of the resumed land for public housing development to address community needs.

19. Subject to the outcome of the planning studies, URA will proceed to acquire the property interests of the identified CBS lots and apply for resumption of land to facilitate redevelopment following established practice for its redevelopment projects. Eligible owner-occupiers who are residing in the CBS flats and affected by URA’s redevelopment projects would be offered cash compensation which is based on the value of a notional seven-year-old replacement flat. For displaced CBS owner-occupiers who have not yet settled the outstanding two-thirds land premium owed to the Government<sup>1</sup>, we recognise that their choice of replacement flats in the private market may be constrained because a portion of the compensation received by them will need to be used to settle the outstanding land premium. Therefore, as an exceptional arrangement, we propose offering eligible CBS owner-occupiers who have not yet settled the outstanding land premium the opportunity to purchase a subsidised sale flat unit in Dedicated Rehousing Estates to be built and operated by the Hong Kong Housing Society in the urban areas to address their accommodation needs. They will have to comply with other general eligibility criteria applicable to these estates which will be used to provide non-means-tested rehousing to eligible households affected by URA and government development clearance exercises.

20. Subject to the completion of the planning studies and the approval of the URA Board, URA will submit the implementation proposals to Government

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<sup>1</sup> Under the CBS Scheme, the land was granted by the Government at a concessionary premium equivalent to one-third of the full market land value. CBS owner-occupiers are required to pay the outstanding two-thirds land premium owed to the Government before they could freely dispose of their residing units in the open market.



in the first half of 2019, with a view to announcing and commencing the pilot projects in the latter half of 2019.

### **Streamlining Development Control**

21. A steering group has been set up under the Planning and Lands Branch of DEVB to explore how best to consolidate and rationalise the standards and definitions adopted by the relevant departments under the bureau (namely Buildings Department (BD), Lands Department and Planning Department) in scrutinising development proposals, such that the approval process can be streamlined without prejudicing the relevant statutory procedures and technical requirements. We have also set up a joint sub-committee under the Land and Development Advisory Committee as a consultative forum comprising wide representation from the industry to consider the streamlining proposals recommended by the steering group. The joint sub-committee has already been consulted on the first batch of streamlining proposals, which cover building height control, site coverage of greenery requirements and landscape requirements, and is generally supportive of the streamlining proposals. Taking into account the views of members of the joint sub-committee, the Government aims to promulgate the revised streamlined arrangements in a few months' time. The steering group will continue to review development control parameters by phases in consultation with the joint sub-committee.

22. To streamline the approval process, BD will develop an Electronic Submission Hub (ESH) which will not only allow the industry to submit building plans and applications electronically, but will also enable relevant authorities to process various kinds of plans and applications via the hub. The target is to start accepting electronic submission of plans and applications by phases from 2021/22. The ESH will also facilitate the industry to adopt Building Information Modelling (BIM) technology in the design and construction of private building developments. It will also help BD to provide more integrated e-counter services to registered building professionals and contractors under the Buildings Ordinance and to the general public at large.

### **Single site, Multiple use**

23. To better meet the growing community demand for "Government, Institution or Community" (G/IC) facilities, the Government will pursue more vigorously the "single site, multiple use" model in multi-storey development on government land in order to expedite the delivery of such projects and make

optimal use of limited land resources. To this end, a package of measures has been devised to strengthen internal coordination and monitoring in taking forward multi-user G/IC complex.

24. Starting from site planning, Planning Department will tighten up the site reservation and de-reservation arrangements and recommend a higher reference plot ratio for G/IC sites where circumstances permit. For project delivery, the Government Property Agency will play a coordinating role for G/IC building projects involving multi-bureaux facilities; and be responsible for, amongst others, matching joint users and resolving any interface issues with a view to deriving the optimal G/IC mix with due regard to district needs. For instance, the new arrangements will apply to several “G/IC” projects on the drawing board, including redevelopment of Tuen Mun Clinic, development of an ambulance depot near Sheung Wan Fire Station, and consolidation of facilities on several government sites in Tsuen Wan Town Centre.

## **II. Other Initiatives**

### **Energizing Kowloon East**

25. We continue to keep up our efforts to facilitate the transformation of Kowloon East into another core business district to support Hong Kong’s economic development. At present, Kowloon East has about 2.6 million square metres of commercial/office floor area, with potential to further supply approximately 4.4 million square metres in future (including 1.8 million in Kai Tak Development and 0.56 million from the Kowloon Bay and Kwun Tong Action Areas). The Energizing Kowloon East initiative has been extended to the San Po Kong Business Area, particularly focusing on enhancing connectivity, improving the environment, and promoting vibrancy and diversified development. We are also reviewing the future use of the Ngau Tau Kok Divisional Police Station site.

26. We continue to implement the concept of walkability in Kowloon East to improve the pedestrian environment. These include finalising the detailed design for an additional footbridge near MTR Kowloon Bay Station Exit B to enhance connectivity with the future East Kowloon Cultural Centre and nearby residential areas, studying the design for the extension of the pedestrian subway network connecting to MTR Ngau Tau Kok Station, planning a new footbridge near MTR Kowloon Bay Station Exit A, and commencing the

detailed design of another footbridge across Wai Yip Street near Siu Yip Street.

27. We will commence the works on improvement of Hoi Bun Road Park and adjacent area in 2018, and also take forward other public open space improvement projects in Kowloon East.

28. We continue to use Kowloon East as a pilot area for exploring smart city development and share the knowledge and experiences gained in carrying out smart city-related proof-of-concept trials, such as kerbside loading/unloading bay monitoring system, illegal parking monitoring system, multi-purpose lampposts and smart recycling bin system, with relevant government departments and stakeholders to facilitate wider application.

### **Harbourfront Development**

29. Providing connected and accessible promenades on both sides of the Victoria Harbour continues to top the agenda of the Harbourfront Commission. On the Island side, we will commence construction of two promenades with different themes around the Hong Kong Convention and Exhibition Centre in Wan Chai North next year. Their completion in 2021 will enable the three-kilometre waterfront running all the way from Sheung Wan to Wan Chai Ferry Pier to be fully connected. We are also refining the alignment of the proposed boardwalk underneath the Island Eastern Corridor and will commence detailed design once the proposal is endorsed. In addition, the public open space at the harbourfront of Shing Sai Road of Kennedy Town will be completed and opened for public enjoyment progressively starting from the first quarter of 2019. The open space will complement the community garden and ancillary facilities to be run by a non-governmental organisation at the hinterland side of the site.

30. As regards the other side of the harbour, the enhancement project along the harbourfront of Hoi On Road in Tsuen Wan will commence in 2019, while the proposal for Hoi Sham Park extension in To Kwa Wan will also be submitted to the Legislative Council for funding approval next year. The Energizing Kowloon East Office is currently inviting proposals from non-profit-making organisations to operate a temporary flea market during weekends and festive holidays at the former airport runway tip at Kai Tak. On the other hand, we will invite interested parties to submit expressions of interest later this year on the conceptual design and operation model of the proposed Urban Park in front of Hung Hom Ferry Pier.

### **Revitalising Nullahs and River Channels**

31. In 2018, we have completed the assessment on the revitalisation potential of major rivers and nullahs in Hong Kong, and four selected rivers and nullahs with high revitalisation potential were identified, which include Tai Wai Nullah, Fo Tan Nullah, midstream of Tuen Mun River and Jordan Valley Nullah. We are actively studying the feasibility of various revitalisation schemes for these rivers and nullahs, with a view to enhancing the ecological value, biodiversity, greening and beautification of rivers and nullahs. Through the revitalisation, we can promote water-friendly culture and activities, so that the public can appreciate the multiple benefits of water bodies, cherish them and work together to create a better living environment for Hong Kong.

### **Urban Forestry**

32. We will strengthen our tree management and inspection regime by introducing enhanced tree risk assessment (TRA) requirements in 2019, such as increasing the experience requirement of inspection officers, tightening the supervision mechanism to ensure the quality of TRA inspections, more timely auditing of TRAs, and detailed inspections of trees in walled pots and planters. We will study more favourable growing conditions such as piloting increased tree pit volume, enriching species diversity and better matching tree species to landscape type.

33. We are working closely with the Qualifications Framework Secretariat of the Education Bureau to assist the horticulture and arboriculture industry in establishing the “Specification of Competency Standards” (SCS) and setting up the qualifications framework. The SCS, expected to be completed by 2019, will help standardise and uplift the overall level of expertise in the industry. We will study the introduction of a registration system for tree management personnel.

### **Implementation of Construction 2.0**

34. The demand for housing, land supply, medical services and infrastructure development is keen and huge. The forecast total construction volumes in the next 10 years will be around \$2,500 billion to \$3,500 billion. Meanwhile, the construction industry has been facing the challenges of high construction cost, shortage in skilled labour and declining productivity. To overcome the challenges and cope with the growing demand, it is time for the

construction industry to make changes. We will lead the construction industry to implement “Construction 2.0” with “Innovation”, “Professionalisation” and “Revitalisation” directives, to uplift the capacity and sustainability of the industry, enhance productivity and quality assurance, improve site safety and reduce environmental impacts. To power the three directives with greater synergy, we will particularly encourage innovative minds and strive to nurture the younger generation, offering them more opportunities to develop their strengths. The Government will pilot “Construction 2.0” in public projects to promote the industry enhancement.

(a) Construction Innovation and Technology Fund

35. To upgrade the construction industry through innovation and technology adoption, we have launched the \$1 billion Construction Innovation and Technology Fund (“CITF”) in October 2018. The fund will encourage wider adoption of new but proven technologies among the industry with a view to promoting productivity, uplifting build quality, improving site safety and enhancing environmental performance. Moreover, the fund will support industry practitioners and tertiary students to join various empowerment programmes on latest construction technologies to nurture an open-minded culture and build up the capacity of the industry to harness technology for continuous improvement.

(b) Off-site Construction

36. Off-site construction has been well recognised in other advanced economies that it will not only uplift productivity of the industry and cost-effectiveness of projects but also achieve enhanced site supervision in order to improve quality of works and site safety. Modular Integrated Construction (MiC) and prefabrication of reinforcing steel bars are typical examples of off-site construction. They apply the concept of “Design for Manufacturing and Assembling” in the way that most of the site operations are designed for manufacturing process in off-site prefabrication yards. We will promote and lead the adoption of MiC by implementing pilot projects to demonstrate to the industry the feasibility of this innovative construction method in tall buildings in local environment.

37. We are actively promoting the use of prefabricated steel reinforcing bar (rebar) products supplied by large-scale and highly automated prefabricated yards, with a view to improving built quality, productivity and construction

safety. A pilot scheme was rolled out in August 2018 to mandate the use of a certain percentage of prefabricated rebar products supplied by approved yards in selected public works projects. This could help practitioners to gain knowledge in the operation of the approved yards and to appreciate the benefits of using prefabricated rebar products. To further enhance the quality assurance of the approved yards, an Independent Audit Team was engaged by Civil Engineering and Development Department (CEDD) in September 2018 to monitor and audit the production process of prefabricated rebar products, which include material testing, cut and bend operations and delivery arrangements. In parallel, we have worked with Housing Department to identify improvement measures to streamline the administrative procedures in sample selection and testing, which could help to enhance the operational efficiency of the steel prefabrication yards. These improvement measures were implemented in September 2018.

(c) Construction Innovation and Technology Application Centre

38. The Construction Innovation and Technology Application Centre (CITAC) of the Construction Industry Council (CIC) was opened in November 2017 and has been well received by the stakeholders of the construction industry. The CITAC has already identified a number of innovation items for site trial and will propose matured innovation items for inclusion into the pre-approved list of CITF with a view to promoting their adoption by small and medium enterprises.

(d) Building Information Modelling Technology

39. Building Information Modelling (BIM) technology allows construction professionals to carry out design and construction works in a virtual environment, which helps avoid changes in the construction process as far as possible, reduce risks and render clarity to project costs in various stages including the operation and facility management stages. In addition to adopting BIM technology in the design and construction of major government capital works projects scheduled to start in 2018, we will also collaborate with the CIC to strengthen BIM training for relevant professionals, develop related technical standards and guidelines, and encourage the use of this technology in private construction projects.

**Strengthening Cost Management for Public Works Projects**

40. Since its establishment in June 2016, the Project Cost Management

Office (PCMO) has been effectively implementing cost management for public works projects and managed to achieve a cost saving of \$27 billion after scrutinising 130 projects with estimated cost of \$260 billion. PCMO has also instigated measures which are conducive to the successful delivery of public works projects in a timely and cost effectiveness manner.

41. Nevertheless, there are still growing needs for enhanced cost management for public works as depicted below:

- (i) ***high construction cost by international standard*** - international reports have ranked Hong Kong as the 3<sup>rd</sup> highest construction cost city in 2017;
- (ii) ***sustained keen demand on construction services*** - The Government needs to sustain capital works investment to improve people's living environment, promote economic growth and enhance competitiveness of Hong Kong; and
- (iii) ***rising public aspirations for better cost-effectiveness*** - there have been more and more demand from the public on better managing cost of public works projects. Significant cost overruns and programme delay of some high profile projects have also affected public perceptions.

42. Therefore, we will upgrade PCMO and expand its establishment and functions to implement strategic initiatives, enhance cost surveillance and project governance capabilities for strengthening the cost management of public works projects.

### **Uplifting Performance of Public Works Projects**

43. The PCMO will explore overseas experience for establishing and managing the Centre of Excellence for Major Project Leaders to provide high-level project leadership training to equip government officers with innovative minds and world-class leadership skills in the delivery of public works projects. In addition, we will conduct consultancy studies and set up innovative and intelligent monitoring systems to measure and analyse project performance with a view to improving project delivery as well as facilitating international collaboration and benchmarking.

## **Construction Manpower Development**

44. Infrastructure development is maintaining its momentum and will continue at a high level. In collaboration with the CIC, we have embarked on a host of multi-pronged measures to maintain a construction workforce of sufficient strength and quality to meet the industry's manpower demand in future.

45. With the approval of the Legislative Council Finance Committee, we have allocated a total of \$420 million since 2010 for the CIC to strengthen the training of local construction personnel and step up promotion to attract new blood. From January 2009 to August 2018, the CIC has trained more than 34 000 semi-skilled and skilled workers. The total annual training output of CIC in 2009 and 2017 are 900 and 6 000 respectively, representing an increase of 670%. Based on the findings of the latest image tracking survey done by the CIC, young interviewees willing to join the industry has increased significantly from about 8% in 2011 to about 21% in 2018. During the same period, the number of registered general workers and skilled/semi-skilled workers has also increased by 48% and 123% respectively.

46. To encourage contractors and their subcontractors to enhance in-service skills training, we have introduced a technical score on worker training in the tender evaluation mechanism for public works contracts which has been implemented since October 2018. The CIC is enhancing its efforts in collaborative training through the new apprenticeship scheme with clear career pathway for the youngsters to achieve skilled workers and further advancement to technician and supervisors.

47. The CIC established the Hong Kong Institute of Construction (HKIC) in February 2018 to train more high-calibre and professional construction practitioners. Apart from upgrading the current skill training programmes in pace with technological advancements, the HKIC also provides courses at Qualifications Framework (QF) Level 3. We are exploring the use of the existing Tai Po Training Ground for the development of a multi-storey campus for the new HKIC. Apart from workshops and teaching facilities, the new campus would also provide training in innovative technologies (e.g. BIM centre, MiC facilities and robotic centre) with a view to developing the HKIC into a regional centre of excellence in construction training.



## **Lift Modernisation Subsidy Scheme**

48. Property owners should take primary responsibility for proper upkeep of their lifts. At present, there are about 66 000 lifts in Hong Kong and they are in general safe for use if there are proper periodic examinations and maintenance. Owing to rapid technological advancement in recent years, modern lifts are equipped with more comprehensive safety devices than the aged ones. As the lifts get aged, works including replacement of parts or modernisation/replacement of lifts are required to be carried out in a timely manner. We recognise that some owners may face difficulties in carrying out such works due to problems of finance, technical knowledge, organisation ability, etc. thereby posing safety hazards to inhabitants and visitors of their building.

49. The Electrical and Mechanical Services Department (“EMSD”) promulgated in 2011 “the Guidelines for Modernising Existing Lifts”, introducing measures to enhance the safety of aged lifts and recommending retrofitting of safety devices. As the lift modernisation works are not mandatory, different levels of modernisation works have been carried out only to about 5 600 aged lifts in the territory so far. The progress of implementation is not significant.

50. In view of this, the Government plans to launch a \$2.5-billion “Lift Modernisation Subsidy Scheme” (“LIMSS”) over six years starting from 2019-20 to promote lift modernisation in the community through provision of financial incentive with appropriate professional support to building owners in need, thereby enhancing lift safety.

51. Modelling on the on-going “Operation Building Bright 2.0 Scheme” and “Fire Safety Improvement Works Subsidy Scheme”, the LIMSS will comprise the following five core elements:

- (a) Care-based: The LIMSS will focus on private residential and composite buildings with relatively low average rateable values (“RV”), with a view to benefitting those building owners in need. The average RV of domestic units in a participating building should not exceed \$162,000 per annum in urban areas (including Sha Tin, Kwai Tsing and Tsuen Wan Districts) and \$124,000 per annum in the New Territories (all New Territories districts excluding Sha Tin, Kwai Tsing and Tsuen Wan districts). We will review and where necessary update these average RV ceilings

from time to time in conjunction with the Urban Renewal Authority (“URA”) to tie in with changes in market values of properties;

- (b) Safety-based: The LIMSS will focus on minimizing the safety risk of lifts. Priority will be accorded to lifts with Improvement Orders issued by the EMSD. In addition, for the lifts without Improvement Orders issued by the EMSD, we propose the LIMSS should also cover lift modernisation works already commenced but not yet completed, and to allow retrospective applications for such lift modernisation works meeting certain requirements, to prevent procrastination in the original plan by the property owners pending formal invitation of applications under the LIMSS;
- (c) Resource-based: To ensure that public resources would be allocated to the most needy, we propose to subsidise up to 60% of the cost of the modernisation works, including complete replacement of the lifts if so opted by the owners, subject to a cap of \$500,000 per lift; and for elderly owner-occupiers aged 60 or above, with subsidies for the full cost, subject to a cap of \$50,000 per unit;
- (d) Capacity-based: We target to modernise about 5 000 lifts within six years having regard to the capacity of the industry that can handle the additional lift modernisation under the LIMSS without inflating the market prices for such works; and
- (e) Streamlined procedures: We propose to partner with the URA in launching the LIMSS. Through an electronic tendering system on the URA’s “Smart Tender” platform, it will ensure tendering of lift modernisation works be carried out in an open, transparent, convenient and orderly manner, thus reducing the risk of bid-rigging.

52. We will consult the Panel on Development of Legislative Council about the implementation arrangement along the direction of the above framework in October 2018, and plan to launch the LIMSS in the first quarter of the next year.

### **Heritage Conservation**

53. Various heritage conservation initiatives are progressing on course. Nine projects under Batches I and II of the Revitalising Historic Buildings

Through Partnership Scheme (Revitalisation Scheme) have commenced operation, while the three projects under Batch III will start operating by the end of 2018. With funding approval of the Legislative Council Finance Committee, revitalisation works for the three projects under Batch IV will commence by the end of 2018. For the four historic buildings under Batch V, the selected revitalisation proposals were announced in July 2018 and preparatory work is now underway. Since the introduction of the United Nations Educational, Scientific and Cultural Organisation Asia-Pacific Awards for Cultural Heritage Conservation in 2000, a total of 18 heritage projects in Hong Kong have been recognised, of which five are under the Revitalisation Scheme. Viva Blue House (Batch II) received the Award of Excellence in 2017, making it the first built heritage conservation project in Hong Kong to receive this top honour. Separately, the Antiquities Advisory Board recommended the declaration of the exteriors of May Hall, Eliot Hall and Fung Ping Shan Building of The University of Hong Kong as monuments under the Antiquities and Monuments Ordinance (Cap. 53) in recognition of their heritage significance. We are taking forward the proposed declaration. Furthermore, given the “Heritage Vogue • Hollywood Road” street carnival held last year was well-received with enthusiastic public participation, we will organise the event again on 4 November 2018.

## **CONCLUSION**

54. We welcome Members’ feedback and undertake to work closely with Legislative Council in taking forward DEVB’s policy initiatives.

**Development Bureau**  
**10 October 2018**