**Legislative Council Panel on Development**

**Policy Strategies and Policy Initiatives of Development Bureau in the First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region (2026-2030) and the Chief Executive's 2026 Policy Address**

## PURPOSE

This paper briefs Members on the policy strategies of the Development Bureau (DEVB) in the First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region (2026-2030) (Hong Kong's Five-year Plan) and DEVB's policy initiatives in Chief Executive's 2026 Policy Address.

2. The major indicators and work objectives for the scope of work under DEVB in the Hong Kong's Five-Year Plan are at **Annex A**. We set out in **Annex B** a list of 14 Indicators for Specified Tasks contained in the Annex to the 2026 Policy Address. They comprise eight new indicators and six ongoing and valid indicators. As regards the Indicators for Specified Tasks contained in the Annex to the 2025 Policy Address, the relevant progress is set out in **Annex C**.

## THE VISION AND MISSION OF THE HONG KONG'S FIVE-YEAR PLAN

### *Enhance the Speed and Effectiveness of the Northern Metropolis Development*

3. To enhance the speed and effectiveness of the Northern Metropolis (NM) development is a major objective of the Hong Kong's Five-Year Plan, and the dedicated chapter on the NM proposes to expedite the planning and development of the NM. We will guide the future spatial layout of our city

with the vision of the "South-North Dual Engine (Finance-IT)"[1]. To foster the integrated development of education, technology, and talent, the NM will be developed with the objectives of university town, I&T, industry, and environment suitable for living, work, and travel, for the mission of leveraging the NM as an important strategic vehicle for high-quality post-secondary education development, integration of technological and industry innovation, and attracting international high-calibre talent. We also aim to develop the NM into a main platform for Hong Kong to deeply engage in the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), and to actively integrate into and serve the overall national development. It will also serve as a new engine for us to develop new quality productive forces. Among the 22 major indicators in the Hong Kong's Five-Year Plan, two are related to land development in the NM, and one of them is binding in nature, with a commitment to produce 900 hectares of "spade-ready sites" over the next five years, while the other is anticipatory in nature, with an expectation that 70 000 residential units will be completed in the coming five years.

***Sustained Efforts in Land Creation, Building up the Land Reserve***

4. We will sustain efforts to create land and build up the land reserve. To meet the socio-economic development needs of society, we will take the lead in supplying land. The 10-year formation forecast of "spade-ready sites" will be updated annually to enhance predictability and transparency in land supply. Through the annual Land Sale List and coordinating land supply sources such as railway property developments and the Urban Renewal Authority's projects, land will be disposed in an orderly manner to facilitate the steady and healthy development of the property market. We will continue to introduce innovative land development models to further incentivise development and channel private capital to participate actively in strategic land and comprehensive community development projects, thereby driving the coordinated development of industries and high-quality residential neighbourhoods.

[1] It refers to the "dual-core planning" where our most competitive sectors including finance will continue to develop at the Harbour Metropolis, whereas the I&T sector will be placed at the Northern Metropolis.

***Regenerate Old Districts with a New Mindset, Enhance Building Safety Governance***

5. While advancing the development of the NM, we also attach importance to urban renewal. It is proposed in the Hong Kong's Five-Year Plan that a two-pronged strategy of building rehabilitation and redevelopment will be introduced to enhance building safety governance. The Urban Renewal Authority (URA) will commit at least $40 billion to take forward urban renewal in the next five years. We will review with the URA the acquisition policy of seven-year-old flat in the same locality and consider making use of land in New Development Areas (NDAs) to introduce the new "flat-for-flat" arrangement. At the same time, we will continue to encourage private-sector participation in redevelopment through policy innovations. When implementing redevelopment projects, the regeneration of old districts will be integrated with environmental enhancement and regional development instead of following the "demolish and rebuild" approach for standalone building blocks, which will in turn reshape urban spaces, enhance community functions, improve transport connectivity, and enhance greening and public spaces (including waterfront areas), thereby transforming old districts into new communities that are smart and green, meeting modern living standards. In addition, we will reform building rehabilitation strategies, including gate-keeping the tendering process through rigorous intervention by an official organisation, promoting preventive maintenance, and making better use of technology. We will also amend the Buildings Ordinance to strengthen regulation of works, enhance professional conducts and uphold works quality.

***Enhance City Governance, and Strengthen Disaster Prevention, Mitigation and Response Capabilities***

6. Hong Kong's Five-Year Plan proposes fostering digitalisation and upgrading of infrastructure resilience. We will conduct R&D on AI model for a smart flood forecast and alert system, which can consolidate real-time hydrometric, precipitation and tidal data for quick simulation of flood scenarios and foster the digital intelligence transformation of traditional infrastructures including drainage and water supply, etc., and introduce technologies of digital twin, condition monitoring, and predictive

maintenance. We will also strengthen flood control and drainage, shoreline management, and slope safety management. We will upgrade the overall flood control capabilities in the aspects of works, ecology, and digital intelligence, etc. We will review the stormwater drainage systems of Hong Kong systematically, implement the works for stormwater interception, rainwater storage, as well as drainage improvements, enhance the city's drainage and regulation capabilities in coping with frequent rainstorms and short-duration heavy rainfall, and enhance the synergised layout of drainage networks and flood control facilities in districts. Through multi-layered protection design, flood risks in coastal low-lying or windy areas brought by sea level rise and storm surge will be mitigated. In the meantime, we will continue to systematically implement landslip prevention and mitigation works according to a risk-based approach, and proactively introduce innovative and smart technologies, including big data, AI and automated drone technology, to enhance the efficiency of monitoring, maintenance and emergency management, and control slope safety risks in a holistic manner.

## POLICY ADDRESS INITIATIVES

7. To implement the above policy strategies in the Hong Kong's Five-Year Plan, various policy initiatives have been put forward in the 2026 Policy address as the action agenda for the DEVB in the coming year, and details are set out as follows.

### *10-Year Formation Forecast of Developable Land*

8. To plan for our land creation work and to keep the society informed of the land development situation, we will continue to update and release annually the 10-year formation forecast of developable land (i.e. "spade-ready sites"), thereby enhancing predictability and transparency in land supply since 2022. Land creation thus far has progressed on schedule. We duly produced about 150 hectares of "spade-ready sites" in 2025-26 through various land creation projects, and are on track to achieve the target of producing around 180 hectares of "spade-ready sites" in 2026-27.

9. According to the latest forecast, if all procedures involved in land creation could be smoothly taken forward (i.e. technical feasibility and development parameters could be ascertained, statutory procedures and handling of public comments could be completed in time, land clearance could proceed as planned, and resources for the works could be timely secured, etc.), it is estimated that we can get ready around 2 500 hectares of "spade-ready sites" in the next decade (i.e. 2027-28 to 2036-37), among which 1 400 hectares would be ready in the next five years (i.e. 2027-28 to 2031-32). All these "spade-ready sites" come from government-led projects. Around 70% (around 1 800 hectares) of the total output (2 500 hectares) will come from the NM, while the remaining from projects such as Tseung Kwan O Areas 137 and 132, Lung Kwu Tan reclamation and the re-planning of Tuen Mun West area. Viewing from a macro perspective, the final report of the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" (Hong Kong 2030+) has recommended us to get ready around 7 000 hectares of land over a 30-year period up to 2048, i.e. around 200 hectares per year on average. The estimated output of around 250 hectares per year on average in the latest 10-year period is in line with the target level set by the Hong Kong 2030+. We will continue to sustain efforts in land creation, and take forward various land creation projects in a paced manner. The goal is to get ready sufficient land and roll out the land as and when needed to support Hong Kong's long-term economic development and people's livelihood needs, and build up a healthy land reserve in the long run. At the same time, we will continue to roll out land in a prudent and pragmatic manner, and flexibly adjust our land disposal strategy according to market situation.

***Development of the NM is Well Underway***

Commencement of All Nine NDAs

10. Development of the NM is well underway. A cumulative total of about 120 hectares of "spade-ready sites" and about 11 000 residential units have been produced up to 2025-26. Under the Hong Kong's Five-Year Plan, it is expected that about 900 hectares of "spade-ready sites" can be produced in the NM from 2026-27 to 2030-31, and over 70 000 residential units and

one million square metres of economic floor space can be provided on the land available in the coming five years.

11. Among the nine NDAs in the NM[2], construction works have begun at four of them: Kwu Tung North/Fanling North, Hung Shui Kiu/Ha Tsuen, Yuen Long South, and San Tin Technopole and the Loop. Together, they involve about 800 hectares of land. Site formation and infrastructure works for the fifth NDA (Ngau Tam Mei) will start in the first half of next year, with "spade-ready sites" (including part of the university town) available progressively, starting at the end of 2028. As for the remaining four NDAs, we will begin statutory planning and related procedures for Lau Fau Shan NDA this year, and progressively next year for the over 200-hectare Priority Development Area (including part of the university town) of Ta Kwu Ling NDA (previously known as "New Territories North New Town"), Au Tau NDA and part of Ma Tso Lung NDA.

Development of the Northern Metropolis University Town

12. We will develop three university towns, which are the San Tin[3], Hung Shui Kiu[4] and Ta Kwu Ling[5] university towns in the NM, based on the concept of town area. The campus areas amount to about 300 hectares. Together with the surrounding technology areas, industry areas and living community areas, the overall planned areas of the three university towns will exceed 1 000 hectares. Each university town will be planned around "One Town, Five Elements" (education, technology, industry, talent and urban development) in a bid to achieve the integrated development of education, technology and talent. "Education – industry – urban development" will power the synergistic development of "technology – industry", establishing a talent hub for the GBA and the world. Building on the existing foundation, we will prioritise the development of the San Tin and Hung Shui Kiu University Towns. Meanwhile, the Education Bureau (EDB) launched a total of 26 hectares of land in the Hung Shui Kiu University Town last week

[2] The nine NDAs are Kwu Tung North/Fanling North, Hung Shui Kiu/Ha Tsuen, Yuen Long South, San Tin Technopole and the Loop, Ngau Tam Mei, Lau Fau Shan, Ta Kwu Ling, Ma Tso Lung and Au Tau.

[3] The San Tin University Town is located in the San Tin Technopole and Ngau Tam Mei NDA.

[4] The Hung Shui Kiu University Town is located in the Hung Shui Kiu/Ha Tsuen NDA.

[5] The Ta Kwu Ling University Town is located in the Ta Kwu Ling NDA.

and invited tertiary institutions to submit applications by the end of the year, enabling them to move in by 2027 to 2028, with a view to creating a landmark project.

Other NM-related Initiatives

13. The 2026 Policy Address has introduced other measures on NM as follows:

(a) **Introduce dedicated legislation for the Northern Metropolis** – Following the proposal in 2025 Policy Address to enact dedicated legislation for the NM, the Northern Metropolis Development Bill was gazetted in July 2026 and has now entered the clause-by-clause scrutiny stage. We will fully cooperate with the Legislative Council (LegCo) in the scrutiny of the Bill, working to secure passage of the Bill in the LegCo this year, and will submit the first batch of five pieces of subsidiary legislation to cover town planning processes, land compensation, building works approval, noise control and cross-boundary flows of people, streamlining procedures to accelerate NM development and facilitating industry operation. Subject to the progress of LegCo's scrutiny, the Government will work to bring the relevant facilitation measures into effect in the first quarter of 2027;

(b) **Diversified development models** – Following award of tender under large-scale land disposal in Hung Shui Kiu/ Ha Tsuen NDA in August, the DEVB is immediately rendering full support to the successful tenderer in taking forward the project through the Northern Metropolis Projects Supervision Office. The DEVB will maintain close communication with the market to understand which development parameters and tender conditions will be suitable for the Fanling North pilot area. Subject to the progress of preparatory work and market conditions, we will launch the tender for the second pilot area in Fanling North at the end of the year at the earliest. We will also continue to implement the various measures to streamline administrative

procedures and remove barriers[6], among which, land owners of the San Tin Technopole were invited earlier this year to consider applying the "Pay for What you Build" to their in-situ land grant applications for the San Tin Technopole, with a view to promoting industry development;

(c) **Hung Shui Kiu Industry Park** — the wholly government-owned "Hung Shui Kiu Industry Park Company Limited" (Park Company) was established in the beginning of this year, and will be responsible for developing and operating the Hung Shui Kiu Industry Park (Industry Park) of around 27.5 hectares[7] in the Hung Shui Kiu/Ha Tsuen NDA, with a view to driving the development of high value-added and smart production industries. Since commencing operation upon the appointment of the Board of Directors in mid-2026, the Park Company has been working to attract enterprises and investments, and has entered into substantive negotiations with several established enterprises, including those in areas of advanced construction, testing and certification, etc. In addition, the Park Company is proactively engaging with the Authority of Qianhai and will sign a memorandum of understanding to establish a mutually beneficial collaboration model by capitalising on the industry strengths of both parties, with a view to promoting closer complementary and co-ordinated development between Hong Kong and other cities in the GBA. Situated in the Hung Shui Kiu University Town, the Industry Park will continue to make good use of its locational advantage and collaborate with the campus area of the Hung Shui Kiu University Town and its

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[6] Including the "Pay for What You Build" Pilot Scheme, flexible land-grant arrangements and the arrangement of allowing land owners to voluntarily surrender land to offset payable land premiums, implementation of innovative project management and procurement strategies, the "Northern Metropolis Public Works Projects Management Committee" chaired by the Permanent Secretary for Development (Works), and continued promotion of the work of the "Northern Metropolis Projects Supervision Office" led by the Permanent Secretary for Development (Planning and Lands), etc.

[7] In addition to the approved grant of approximately 23 hectares of sites to the Park Company at the time of its establishment, the Government announced on 24 August 2026 that two Enterprise and Technology Park sites totalling 4.5 hectares in the pilot area project under large-scale land disposal in Hung Shui Kiu would also be granted directly to the Park Company for development of superstructure and operation after the successful tenderer completes the site formation and hands back the sites to the Government by end-2028.

adjoining technology areas and other industry areas (including the Lau Fau Shan Digital Technology Hub, the Yuen Long InnoPark and Hong Kong Microelectronics Research and Development Institute, etc.) in jointly developing as a "Centre for Applied Post-secondary Education in Smart Manufacturing and Global Talent Cultivation";

(d) **Advanced construction industry in Yuen Long South** – To dovetail with industry development, 30 hectares of land (including 10 hectares in Yuen Long South and 20 hectares in the future Ta Kwu Ling NDA) have been earmarked in the NM, and 10 hectares of which are located in Yuen Long South for developing a large-scale, advanced construction industry park. It will include the anchoring of steel reinforcing bar prefabrication yards and innovative concrete batching plants. The industry park will also introduce facilities for promoting testing and certification of Modular Integrated Construction (MiC) and Multi-trade Integrated Mechanical, Electrical and Plumbing (MiMEP), as well as R&D of the construction methods and their training, production and demonstration. In the first half of 2027, we will invite the market to submit expressions of interest (EOI) for the development of an advanced construction industry park in Yuen Long South, with a view to commencing the tendering process for the first batch of land no later than the first half of 2028;

(e) **Encourage contractors to adopt innovative construction methods and technologies** – Pilot the use of framework procurement model in Yuen Long South Second Phase Development and San Tin Technopole Phase 1 Stage 2 Development in the NM, and plan the pilot use of Early Contractor Involvement model in the public works projects in the NM. Through the implementation of innovative procurement strategies and project management, construction costs will be further reduced and project progress will be further accelerated; and

(f) **Urban-rural Integration** – The Government has announced the launching of the $200 million NM Urban-rural Integration Fund and plans to seek funding approval from the LegCo Finance Committee in the fourth quarter of 2026. Applications will be invited and the first batch of projects approved next year, capitalising on community wisdom to promote rural tourism. We will publish the Guidelines on Promoting Urban-rural Integration in the NM within this year. The first signature project to be launched next year, the "San Tin Timewalk", will link attractions with features of traditional rural architecture as well as historical and cultural heritage, creating distinctive landmarks and tourist attractions in collaboration with villagers.

***Reforming the Maintenance System for Aged Buildings***

14. Following the fire incident at Wang Fuk Court, the Government began reforming the maintenance system for aged buildings through a two-pronged approach. On the one hand, the Government will step up regulation and inspections as well as expand the scope of amendments to the Buildings Ordinance, including upgrading the statutory regulatory mechanism for large-scale building maintenance projects in order to implement more stringent regulation, such as supervision of works by third party professionals, as well as the submission of prescribed plans, supervision plans and temporary precautionary measures before commencement of works for review by the Buildings Department (BD). Tougher penalties will also be imposed. Besides, we will also strengthen regulation of the maintenance works sector and increase penalty for non-compliance, thereby enhancing professional conduct. Our target is to introduce the amendment bill into the LegCo within this year. Meanwhile, the BD has stepped up regular site inspections for all large-scale building maintenance projects. In early 2026, the BD also issued circular letters to all registered contractors and registered building professionals regarding regulatory requirements for building maintenance projects, requiring them to pay attention to and comply with fire safety requirements when carrying out works.

15. On the other hand, we will reform building rehabilitation strategies and are currently working in full steam in planning and preparing for a brand

new support service for owners who need to undergo large-scale building maintenance works, including establishing more rigorously vetted "pre-qualified lists" of consultants and contractors, providing for the first tie tendering and tender evaluation services to owners in engaging consultants and contractors to combat bid-rigging. As regards the supervision of consultants and contractors, buildings owners applying for government maintenance subsidies must appoint a supervision consultant and a contractor from the recommended tenders. We will also take into account the report to be published shortly by the Independent Committee to further examine how we can better assist owners in handling matters of professional knowledge involved in maintenance. We aim at launching the brand new support services before end-2026. To this end, we will first establish the more rigorously vetted "pre-qualified lists" of consultants and contractors. Applications will be accepted from 30 September 2026 onwards. The lists will be ready progressively by end-2026. Please see **Annex D** for the proposed vetting criteria of the relevant "pre-qualified lists", as well as the arrangements regarding delisting, suspension of pre-qualification and appeal. In the interim, the BD has been handling cases where the notices for mandatory building inspection have expired with discretion, and the URA also provides appropriate assistance to the relevant buildings.

***Maintain the Momentum of Urban Renewal***

16. With a view to maintaining the momentum of urban renewal, the DEVB and the URA are conducting a comprehensive review of the URA's financing and operation model, with the aim of ensuring that the URA can still promote urban renewal in a financially sustainable manner amidst market fluctuations. The scope of the review is so broad that it covers adjusting the URA's acquisition policy of seven-year-old flat in the same locality, introducing the new "Flat-for-Flat" scheme as an alternative to monetary compensation, identifying old buildings for redevelopment, rehabilitation or revitalisation in a more precise manner, as well as compressing the planning and development cycle of redevelopment projects, etc. We will put forward specific proposals and commence consultation in 2027.

17. On the other hand, the private sector plays an important role in advancing urban renewal. Data over the past decade shows that about 20% of new residential units from all redevelopment projects came from the URA, with the remaining 80% from private development projects. As redevelopment projects in old districts involve huge acquisition costs, and there are certain constraints on development parameters for pursuing redevelopment in developed areas, market participation remains sluggish in recent years. The 2025 Policy Address has already proposed that we should incentivise urban renewal with a new mindset and further enhance market incentives to encourage private sector participation in urban renewal. To this end, we have implemented two innovative measures since September 2026, namely the "cross-district transfer of plot ratio" arrangement and the five-year "Bonus Plot Ratio Pilot Scheme". A Joint Practice Note[8] and Town Planning Board Guidelines[9] were promulgated respectively to provide additional planning incentives to expedite the pace of urban renewal. Subject to market response, we will assess the effectiveness of these measures and adjust the implementation details as and when appropriate.

***Revitalisation of the Community and Full Utilisation of Land***

18. As Hong Kong's first generation of central business district, Central is the focus of historical buildings, distinctive streets and commercial vibrancy, as well as a popular destination for tourists. After years of use, some public spaces and streets therein are in need of beautification. To enhance the environment of Lan Kwai Fong (LKF) as a stylish precinct so as to attract visitors, the 2025 Policy Address proposed that the Government should beautify LKF and the nearby streets in phases, and work with shops, local bodies, and residents to take forward the "community-making" effort. The DEVB and relevant departments have commenced Phase 1 of the beautification works, with focus on the LKF core area, including (I) repaving the pavements and carriageways; (II) beautifying the Wing Wah Lane retaining wall with wall painting with funding by the LKF Association; (III) projecting light art at the D'Aguilar Street stone wall; (IV) beautifying LKF

[8] The relevant Joint Practice Note is available at the following website: https://www.pland.gov.hk/file/tech_doc/jpn/pdf/jpn9_e.pdf

[9] The relevant Town Planning Board Guidelines are available at the following website: https://www.tpb.gov.hk/en/forms/Guidelines/TPB_PG_43A.pdf

Public Refuse Collection Point; and (V) installing thematic manhole covers. It is expected that the works will be completed progressively from October 2026 onwards.

19. As for Phase 2 of the LKF Streetscape Beautification Works, we will first commence the "community-making" study to identify a shared vision among stakeholders, so as to formulate an overall design theme for further beautification efforts in the future and establish the brand of LKF. These efforts have laid the foundation for the renewal of Central. Private developers are encouraged to participate actively in this process, with a view to introducing new elements and preserving the original character of Central at the same time, so that it can be revitalised and retaining its heritage.

***Promote Yacht Economy through Land Development Projects***

20. To promote the yacht economy, the DEVB has made arrangements mainly through three land development projects. The composite development project in Aberdeen comprising a marina, recreational facilities and residential development can link up the blue and green resources of the Southern District, create synergies with neighbouring facilities to inject vitality into the Southern District, improve the environment, and boost the local economy. The rezoning process and relevant statutory procedures related to works have commenced progressively since July 2026. Provided that all statutory procedures are completed successfully, our target is to invite tenders for the development project in the first half of 2027.

21. As regards the comprehensive development of the ex-Lamma Quarry site for tourism and recreation, low-density residential developments, and yacht berthing facilities, we have commenced the relevant statutory procedures such as environmental impact assessments, and plan to commence the rezoning procedure of statutory plans in end-2026;

22. In addition, we are also finalising the detailed development parameters in respect of transforming the sites around Hung Hom Station and its waterfront areas into a new harbourfront landmark complemented by yacht berthing facilities. We will brief the LegCo Panel on Development on

the latest development proposals in the fourth quarter, with a view to commencing the rezoning procedures of statutory plans by end-2026.

***Increase Student Hostel Supply***

23. The Government continues to make every effort in developing Hong Kong into an international hub for post-secondary education. The DEVB and the EDB launched the Hostels in the City Scheme in July 2025. By relaxing development controls, private developers/operators can convert commercial buildings into student hostels. Subsequently, it was announced in the 2025 Policy Address that the Scheme would be expanded to also cover hostels which are newly built and converted through redevelopment.

24. The scheme has been well received, with 44 applications received to date, of which 41 have been confirmed as meeting the scheme's eligibility criteria and may proceed with subsequent development approval processes in relation to planning, building, lands, etc. Upon completion, approximately 10 800 hostel places will be provided. The remaining three new applications are currently being processed. The 44 applied projects are widely distributed across all districts of Hong Kong, with a concentration in core urban centres near tertiary institutions, including Yau Tsim Mong, Central and Western, Kwun Tong, Wan Chai and Sham Shui Po Districts. At present, a total of four projects have been completed and will commence operation in the 2026-27 academic year, providing approximately 700 hostel places for post-secondary students. As proposed in the 2025 Policy Address, the DEVB is exploring launching sites suitable for the development of student hostels by way of land sale. In this connection, the DEVB invited the market to submit EOI within two months for post-secondary student hostel development at three commercial sites in Kai Tak, Siu Lek Yuen (Shatin), and Tung Chung East in January 2026. Market response was enthusiastic and a total of 22 EOI were received. The DEVB put the first student hostel site for sale this financial year for marking bidding to construct new hostels.

***Release Industrial Land in Urban Areas***

25. Regarding the release of industrial land in urban areas, the Planning Department has conducted five rounds of Area Assessments of Industrial

Land in the Territory since 2000 to ensure timely and proper planning to optimise the use of the industrial land in Hong Kong. More than 300 hectares of industrial land have been rezoned for other uses such as business and residential uses since 2001. The Government will make reference to the Study on Utilisation of Existing Industrial Stock underway to explore the release of more industrial land in urban areas, and to put forward recommendations by end-2026 including the way forward for the Revitalisation Scheme for Industrial Buildings. We will, amongst other things, explore allowing more non-industrial uses in industrial building units under the premise of reasonably safeguarding fire safety, with a view to optimising the use of the floor space in industrial buildings.

***Making Optimal Use of Vacant Government Sites***

26. The DEVB launched the Funding Scheme to Support the Use of Vacant Government Sites by Non-government Organisations (NGOs) (the Funding Scheme) in February 2019, so as to support NGOs in taking forward projects that are beneficial to the community on vacant government sites, which include advancing the policy objectives consistently promoted in the Policy Address, such as urban-rural integration, promotion of sports, arts and culture, etc. We seek Members' views on the proposal to increase the approved commitment for the Funding Scheme. Please see **Annex E** for details.

***Build a Liveable City***

<u>Enhance Victoria Harbourfront</u>

27. To further enhance harbourfront development, we will continue to develop the Victoria Harbourfront with equal emphasis on quality and quantity. In 2026, the total length of the waterfront promenade will increase to 33 kilometres, including the pedestrian walkway connecting the West Kowloon Cultural District (WKCD) to Tai Kok Tsui and the waterfront promenade next to the Kai Tak Hospital, both of which will open within the year. Our target is to extend the continuous Victoria Harbourfront promenade to 34 kilometres by 2028.

28. Looking ahead, some of the key projects we will pursue include applying, for the first time, the streamlined mechanism for reclamation introduced under the revised Protection of the Harbour Ordinance (Cap. 531). Under the mechanism, an offshore boardwalk will be constructed through small-scale reclamation at the new waterfront in Kennedy Town to provide pedestrian connectivity. A public consultation on the detailed design will be conducted in the first half of 2027, and it is expected that the works will commence in the second half of 2028 and complete in 2031. On the Kowloon waterfront, we will seek to commence enhancement works at the Cheung Sha Wan Wholesale Food Market in phases from 2027 onwards. The enhancement works will include extending waterfront space at the existing vacant pier and providing additional pedestrian facilities on the market's deck, thereby connecting the waterfront from the West Kowloon Cultural District to the Cheung Sha Wan area. At the same time, through the Study on East Kowloon Harbourfront Trail launched in March this year, we will examine options for short, medium and long term for improving accessibility and facilities along waterfront areas that are currently unconnected, and begin to roll out short-term enhancement projects progressively once they are ready for implementation within this year to further connect and enhance the Kowloon waterfront.

Underground Common Utility Tunnels

29. The various public utilities buried underground in Hong Kong span an aggregate length of about 110 000 kilometres. The excavation and road works conducted for the laying and maintenance of utilities cause inconvenience to the public. In recent years, the Government has started to design and construct underground common utility tunnels under selected suitable major roads in NDAs on a pilot basis. Appropriate utilities including water supply pipes, cables, chilled water pipes of district cooling systems and communications facilities will be centrally accommodated in these tunnels, enabling inspection and maintenance to be carried out therein without the need for excavation and road works. Real-time sensor monitoring systems and Artificial Intelligence (AI) technologies will also facilitate the detection and identification of abnormal conditions, enabling the issuance of alerts to prompt early inspection and maintenance. In light of the relatively high construction cost of an underground common utility

tunnel, the Government will assess the implementation of the projects and proceed in a pragmatic manner.

***Enhance City Governance, and Strengthen Disaster Prevention, Mitigation and Response Capabilities***

30. To implement the strategy of enhancing city governance, and strengthening disaster prevention, mitigation, and relief capabilities under the Hong Kong's Five-Year Plan, the 2026 Policy Address puts forward relevant measures, as set out in paragraphs 31 and 32 below.

Enhance the Programme on Replacing, Repairing and Managing the Water Supply Network

31. Hong Kong's water supply network is vastly extensive and complex. The conditions of some of the aged water mains have deteriorated, and those made of cast iron and asbestos cement, which was commonplace in the past, are relatively vulnerable. In response, the Government will launch a water supply network upgrading programme to replace/rehabilitate high-risk aged water mains, as follows:

(a) By adopting a risk-based approach, we will prioritise the replacement or rehabilitation of a total of 350 kilometres of aged water mains with higher risk of leakage over the coming five years, at an average rate of 70 kilometres per year, double that for 2026-27. In the first few years, we will focus on replacing cast iron and asbestos cement pipes in areas such as Shau Kei Wan, Wong Tai Sin and Kwai Tsing, where there are more public rental housing estates and elderly residents. The target is to have all cast iron and asbestos cement pipes phased out over an estimated 10-year period. With the pipe replacement and other related improvement measures under the programme, we expect to reduce the number of water pipe bursts and serious leakage incidents by around 20 to 30 percent in the first five years;

(b) Lay two backup cross-harbour fresh water mains to strengthen the resilience of water supply network;

(c) Replace high-risk aged water main valves to reduce the risk of failures, and install new valves at suitable locations to reduce the suspension area in case of water main burst;

(d) Upgrade the salt water supply system by adopting split water supply mode to reduce salt water mains pressure, thereby lowering the risk of water main burst and leakage;

(e) Establish an Intelligent Water Network Closed-loop Management Chain featuring real-time monitoring, intelligent prediction, precise leak detection and high-quality maintenance, and perform AI predictive maintenance in collaboration with universities and enterprises; and fully implement dynamic pressure adjustment of the Government's water supply network within five years following the commencement of the Smart Water Supply System;

(f) Use the Underground Utilities Information System and 3D spatial analysis to raise the efficiency of inspection and maintenance; and

(g) Upgrade the existing inter-departmental task force to a steering committee led by the Permanent Secretary for Development (Works) for more effective work co-ordination. An International Expert Group on Waterworks will be set up, bringing together local, national and overseas experts to assist in reviewing the water supply network's long-term management strategy.

DEVB, together with the Water Supplies Department, plans to submit a discussion paper on the details of the aforementioned "Programme" to the Panel on Development by the end of 2026, and seek funding approval from the LegCo Finance Committee subsequently.

Set up an "AI City Brain" Integrated City Management System

32. With a view to acting in concert with the setting up of an "AI City Brain" integrated city management system, we will expand the cross-departmental, smart drone-management platform ("SmartAERO") to strategic regions throughout Hong Kong. The support of beyond-visual-line-of-sight inspections, automated surveillance and AI data analysis will speed up the response to emergencies such as landslides, flooding and fallen trees. It will also help to enforce the targeting of unauthorised building works and assist in the monitoring of safety of public works site. The data will be consolidated in the Common Operational Picture for rapid analysis with the use of AI tools, strengthening the cross-departmental co-ordination of emergency response and the deployment of resources.

33. The Common Spatial Data Infrastructure (CSDI) portal has been open for free public use since end-2022, offering spatial datasets in different areas such as planning, lands, buildings, works, population, transport, etc. To support the "AI City Brain" system, we will further upgrade the CSDI portal by collecting and applying more Building Information Modelling (BIM) data, working to enhance the 3D Digital Map continuously, and taking forward the "digital twin city".

Optimise Government Services through "AI+"

34. We will progressively render support, through the Electrical and Mechanical Services Trading Fund, for works departments to expand the application of AI in project management, covering site supervision for public works and contract administration, as well as assistance in the procurement and tender assessment process of public works projects. We will introduce automated monitoring systems into the workflows for site supervision and contract administration, and expedite the tender documents preparation and review as well as the tender assessment, thereby further enhancing the quality and efficiency of public works projects, promoting the "AI+" development of the works departments, and enhancing work effectiveness.

***Promote Transformation and Upgrading of Construction Industry***

35. Hong Kong's Five-Year Plan proposes that, leveraging the industrial output of the GBA and its module production capacity, we will strengthen our aggregate capability in achieving technological breakthroughs for the development of construction supply chain, including technologies such as Modular Integrated Construction (MiC) and Multi-trade Integrated Mechanical, Electrical and Plumbing (MiMEP), etc., so as to develop the GBA into a hub for building technology and construction, while enhancing the stability of the supply of technologies and materials needed by Hong Kong's construction industry, which will further drive down construction costs. In respect of facilitating the mutual recognition of professional qualifications in the GBA, we will, on a pilot basis, advance the development of common standards for the skill levels of skilled workers and technicians of the construction industry in the GBA, and introduce Hong Kong's engineering standards and project management models to the GBA. We will make wider use of the advanced construction technologies and new materials of our country, so as to showcase the edge of Chinese standards to our international counterparts. Moreover, we will actively develop and promote GBA Standards and GBA Certification to encompass a broader spectrum of products and services, for which technical specifications will be established to enhance quality, facilitating Hong Kong enterprises to tap into markets in other GBA cities.

36. In this regard, the Government will strengthen promotion of the construction industry chain development, lead the industry to comprehensively upgrade and transform, and enhance the industry's productivity, cost-effectiveness and safety performance, so as to cope with the future infrastructure development in Hong Kong. The relevant measures set out in the 2026 Policy Address are as follows:

<u>Control Construction Costs</u>

(a) In order to address the causes of relatively high construction costs in Hong Kong, we are actively implementing various

initiatives to lower construction costs in four directions[10] and along the approach of "launching initiatives once they are ready", achieving an annual saving of about $4 billion[11] for public works projects. Hong Kong's ranking has dropped to 16th globally this year, falling out of the top 10 for the first time, according to the International Construction Cost Index. The Government will, among others, actively adopt innovative procurement models, enhance Hong Kong's construction standards and introduce more AI solutions to further lower construction costs;

(b) In view of the significant benefits brought to the industry by the work and study findings of the first batch of review on standards, the BTRi has been allocated $100 million in the 2026-27 Budget for studies inclusive of the second batch of review on construction standards and requirements, which is targeted for completion in 2028;

Develop a MiMEP Industry Chain in the GBA

(c) By combining the respective strengths of Hong Kong in MiC and the production of module assemblies of electrical and mechanical installations in the GBA, the Government will publish a Cross-boundary Trading Guidebook on MiMEP in collaboration with relevant Mainland authorities in the first half of 2027. The guidebook will consolidate information including requirements regarding customs and excise, tax, and industry regulations to facilitate cross-boundary business development and promote the development of related industry chains in the GBA;

[10] The four directions include (1) optimising the project procurement model; (2) reviewing the design standards and requirements; (3) applying advanced technologies and construction methods; and (4) streamlining the approval process.

[11] Accounting for about 3% of the total annual expenditure on public works projects.

Build an International Exchange Platform

(d) The DEVB will again host the International Infrastructure and Projects Leaders Summit in November this year, showcasing Hong Kong and the Mainland's advanced construction technologies. This will help competitive construction industry players in both places go global;

Continue to Promote the Application of Construction Technologies

(e) The Government injected $1 billion into the Construction Innovation and Technology Fund this year. Together with the contribution of $400 million of the Construction Industry Council (CIC), there is a total of $1.4 billion. The DEVB, together with CIC, will use the funding to support wider application of I&T in the construction industry, especially among small and medium enterprises. The I&T involved include new technologies such as construction robots, AI and digital construction technologies;

(f) We have required that MiMEP be adopted in suitable public works projects, as well as repair and maintenance works, since the middle of 2026. A one-stop integrated information platform was launched to support the industry;

Actively Promote GBA Standards

(g) The DEVB has signed a co-operation agreement with the relevant Mainland organisation to establish a collaborative mechanism for construction standardisation and jointly formulate the GBA construction standards. This will help local and Mainland construction companies venture into the global market by making good use of Hong Kong's strengths in areas such as testing and certification; and

(h) Through ongoing collaboration with Guangdong Province and Macao, the Government last year established GBA skill standards for painters and bricklayers, as well as the civil

engineering works supervisors' technician position. The "One Examination, Multiple Certification" arrangement was implemented to foster co-operation among GBA construction-training institutions for training quality enhancement. The Government plans to publish another three GBA skill standards for the respective trades of skilled workers and technician positions, and implement the corresponding "One Examination, Multiple Certification" arrangement within this year.

***Enhance Construction Talent Training***

37. With the gradual recovery of the economy including the real estate market, a gradual resurgence of the volume of private sector projects is expected. Taking this into account together with the anticipated rising volume of public works, including the NM development and other public projects (such as railway and public housing projects), the manpower demand in the construction industry will remain keen in the coming five years. The DEVB will continue to adopt a multi-pronged strategy, underpinned by the policy principle of prioritising local workers for employment. We will work closely with the CIC, relevant institutions, and the industry to effectively carry out local training and promote the adoption of technology, so as to enhance the overall productivity of the industry. Relevant measures include:

(a) **Expanding on-the-job training subsidy quotas for graduates** – Under the "30 000 Youth Employment and Internship Programme" jointly launched by the Government and the business sector, the CIC and the Government will allocate $360 million and $240 million respectively to continue [12] providing on-the-job training allowance in 2027 and 2028 for employers hiring degree and higher diploma graduates in construction-related disciplines. The annual training quota will be expanded from 3 000 to 5 000, of which the CIC will continue to provide 3 000 training quotas annually (incurring $360 million over two years), while the Government will provide the

[12] The scheme was fully implemented by the CIC in 2025 and 2026, with a total of 5 900 quotas over the two years (involving HK$354 million) fully granted and allocated.

additional 2 000 training quotas annually (incurring $240 million over two years). A total of 10 000 training quotas[13] will be provided over the two years. This will assist degree and higher diploma graduates in professional disciplines such as engineering, architecture, surveying, planning, landscape architecture, and environmental protection in accumulating practical working experience and acquiring professional qualifications during the critical period of the next two to four years. Consultant firms or main contractors with successful applications will receive a monthly subsidy of $5,000 for a period of 12 months (totaling $60,000) for each eligible graduate hired[14]. Implementation of the above will entail the creation of a non-recurrent commitment of $240 million on the part of the Government, and we will seek funding approval from the Legislative Council in accordance with the established mechanism. The annual cash flow will depend on the number of local graduates hired under the programme, and we estimate that the cash flow requirement will be $120 million for each of the 2027-28 and 2028-29 financial years. In addition, the CIC will provide the necessary manpower support and take up all the administrative costs required for running the programme, and there is no need for the Government to bear such costs;

(b) **Enhancing construction technology training** – The CIC will, by utilising government funding and its own resources, continue to provide no less than about 12 000 training places (including construction technology training) for skilled workers and about 4 000 construction technology training places for technicians and professionals in the academic years of 2026/27 and 2027/28. The continuous provision of systematic training courses will upgrade the manpower capabilities (especially frontline staff on construction sites) in construction technologies;

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[13] The major factors considered in determining these quotas include the annual number of local graduates in each professional discipline, as well as the timeframe required for graduates to attain professional qualifications.

[14] Eligible graduates must be aged 35 or below; be graduates of relevant degree or higher diploma programmes recognised by local statutory professional institutions related to the construction industry; have not yet obtained professional qualifications; and have not benefited from other similar government subsidies.

(c) **Promoting diversified training modes** – The CIC will continue to promote "multi-skilled" development and upskilling of workers, assisting the construction workers in skills upgrading and mastering a wider range of skills (particularly in respect of skills for trades in demand); and

(d) **Making good use of labour importation and talent admission schemes as supplementary measures** – The Government will continue to monitor and utilise the Labour Importation Scheme for the Construction Sector and talent admission schemes as supplementary measures to alleviate the manpower shortage, and strictly control the use of quotas and implement dynamic adjustments, on the premise of safeguarding the priority for local employment.

***Establish an International Hub for High-quality Development of the Country's Water Sector***

38. Hong Kong's Five-Year Plan proposes to establish an international hub for high-quality development of the country's water sector. We will develop advanced standards for water-related affairs which are applicable to the GBA. Pilot testing, transformation, and application of the advanced technologies involved in the Mainland's water-related affairs will be conducted in Hong Kong, capitalising on Hong Kong as a platform to showcase these water-related technologies to our international counterparts, so as to assist technologies and enterprises of the Mainland and Hong Kong in going global.

39. In terms of standards, following the formulation of the "Technical Guidelines to Ecological Design of Sea Dike" last year, which is the first GBA standard in the water-related field, we also plan to publish the "Minimum Allowable Values of Water Efficiency and Water Efficiency Grades" and "High-quality Drinking Water" standards. We are actively promoting greater participation by local universities in cross-boundary

water-related technology collaboration platforms[15] , and we will work with Mainland universities and relevant organisations to advance R&D in the water-related fields and demonstrate its application in Hong Kong.

***Strengthen the Training and Protection of the Pearl River Estuary and the Rivers along the Guangdong-Hong Kong Boundary***

40. Hong Kong's Five-Year Plan proposes to strengthen the training and protection of the Pearl River Estuary and the rivers along the Guangdong-Hong Kong boundary, and promote cooperation in disaster prevention and mitigation, water security, planning, implementation, and management of projects, information sharing, water-related technology, mutual recognition of standards, etc., so as to provide support and safeguards on the front of water resources for the high-quality development of the GBA.

41. In 2025, the HKSAR Government signed an agreement with the Ministry of Water Resources on the management and cooperation of water-related affairs, establishing a standing mechanism for regular exchanges. A joint working group has also been established between the DEVB and the Pearl River Water Resources Commission of the Ministry of Water Resources to implement the exchange and cooperation mechanism and to take forward the initiatives in the areas of mutual collaboration.

## ADVICE SOUGHT

42. We welcome comments from Members on the various initiatives.

**Development Bureau**
**September 2026**

[15] These include (i) encouraging more local universities to participate in the "Key Laboratory of Water Security Guarantee in GBA of Ministry of Water Resources"; (ii) the Drainage Services Department plans to extend the application of flood monitoring devices and the smart flood forecast and alert system to other districts; (iii) the Civil Engineering and Development Department is developing a "Four Pre-functions" (i.e. forecasting, early warning, pre-simulation, and response plans) visualization platform for coastal hazards; and (iv) the Water Supplies Department is collaborating with the South China University of Technology to develop an AI model capable of predicting the remaining useful life of water mains for implementing predictive maintenance.