

Legislative Council Panel on Development

Initiatives of Development Bureau in the 2009-10 Policy Address and Policy Agenda

INTRODUCTION

The Chief Executive (CE) delivered the 2009-10 Policy Address on 14 October 2009 entitled “Breaking New Ground Together”. This is supported by the Policy Agenda Booklet which lists the HKSAR Government’s new and ongoing initiatives. This paper elaborates on those initiatives under the Development Bureau (DEVB).

POLICY ADDRESS AND POLICY AGENDA INITIATIVES

2. The work of DEVB will mainly contribute to the two themes of “Developing the Infrastructure for Economic Growth” and “Quality City and Quality Life”. We will also strive to enhance public governance and improve services to the public. An extract of all new and ongoing initiatives under DEVB as contained in the 2009-10 Policy Agenda Booklet is at **Annex 1**. Major items are highlighted in the paragraphs below.

(A) Initiatives under “Developing the Infrastructure for Economic Growth”

(I) Industrial Buildings

3. As a result of Hong Kong’s economic restructuring, a considerable portion of our industrial premises have been left vacant or under-utilised. Meanwhile, there are widespread non-compliant uses in industrial buildings (i.e. uses not complying with the planning intention or the land lease conditions, or both), which often result in mixed industrial and commercial uses in the same building. This is a cause for

concerns because industrial activities tend to carry higher fire safety risks and is thus non-compatible with commercial activities that would attract a large number of customers.

4. In his 2009-10 Policy Address, the CE has announced a package of measures to accelerate the transformation of the existing stock of industrial buildings to provide suitable land and premises to meet Hong Kong's changing economic and social needs, including those of the six economic areas. To encourage redevelopment and wholesale conversion of existing industrial buildings, the Government will –

- (a) lower the threshold from 90% to 80% for owners of industrial buildings situated in non-industrial zones and aged 30 years or above to apply to the Lands Tribunal for compulsory sale for redevelopment;
- (b) allow tailor-made lease modifications so that the land premium payable for redevelopment of industrial buildings situated in non-industrial zones will be assessed according to the optimal use and proposed intensity of the redevelopment (i.e. “pay for what you build”);
- (c) allow owners seeking redevelopment through lease modification to opt for payment of land premium by instalments over five years at a fixed interest rate; and
- (d) allow owners who choose to convert rather than redevelop an industrial building to apply to change the use of the building at a nil waiver fee for the lifetime of the buildings or until expiry of the current leases, provided the conversion applies to the entire building (i.e. wholesale conversion) and the building meets the age criterion and has obtained planning permissions.

Details of these measures and their implementation are set out in a separate Legislative Council (LegCo) Brief.

(II) Land Supply

5. It is the Government's policy to facilitate Hong Kong's progressive development through providing a steady and sufficient supply of land to meet the needs of various sectors in the community. We have seen a stable and robust property market since the financial tsunami last year, but the recent high value transactions and relatively low supply of new flats have given rise to public concerns. As announced by the CE, we will closely monitor the situation and finetune the land supply arrangements if needed.

6. Apart from the revitalisation of industrial buildings which will provide the needed space to support the development of the six economic areas identified by the Task Force on Economic Challenges, we will continue to identify sites for the purpose. For instance, in support of the policy to facilitate medical services development in Hong Kong, we have earmarked four sites for private hospital developments. In the education area, we have identified two sites suitable for development of tertiary institutions.

7. For a built-up city like Hong Kong, use of underground space could help to provide the much needed land for development in the urban area. Caverns could be a cost effective form of land to be made available for development, particularly for development of environment, safety and security sensitive facilities. We are launching strategic planning and technical studies to facilitate planned development of underground space with the objective of promoting the enhanced use of rock caverns in our pursuit of sustainable and diversified development. We hope to be able to provide creative and sustainable solutions to ease the pressure of land shortage in Hong Kong and to meet the needs of specific facilities, particularly in the urban area.

(III) Government Expenditure on Infrastructure Projects

8. The spending performance of the Capital Works Programme (CWP) in 2009-10 is satisfactory, meeting in full the original estimate of about \$39.3 billion. This is a notable improvement from the actual expenditure of \$23.4 billion in 2008-09.

9. We are making headway with various major infrastructure projects under our portfolio. For the Kai Tak Development, construction of infrastructure works to serve the first package of developments, which include the first berth of the proposed cruise terminal, runway park, government offices and public housing developments, commenced in July 2009. The Administration will seek funding approval for the site formation works and the construction of the cruise terminal building for approval in the 2009-10 LegCo session.

10. On the Lok Ma Chau Loop (the Loop), the Hong Kong and Shenzhen Governments have initially considered that higher education could be the leading use in the Loop, complementing hi-tech research and development facilities as well as cultural and creative industries. A joint comprehensive study is now underway to explore the feasibility of developing the Loop on the basis of mutual benefits.

11. On New Development Areas (NDA), we have commenced the Planning and Engineering Study (P&E Study) for the North East New Territories (NENT) NDA (Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling). The preliminary Outline Development Plans will be available in the fourth quarter of 2009 for the Stage 2 Public Engagement. The commencement of P&E Study for the Hung Shui Kiu (HSK) NDA is under review to take account of further investigation on the possible spur line connecting the Hong Kong-Shenzhen West Express Line with HSK.

12. We have also made good progress on other major projects which will help improve our living environment, including the three drainage tunnel projects at Hong Kong Island, Tsuen Wan and Lai Chi Kok; and the improvement works under Stages 1, 2 and 3 of Replacement and Rehabilitation (R&R) of Watermains Programme. We are also expediting the proposed R&R works on watermains crossing major roads such as the Red Routes to prevent the recurrence of the August 2009 Gloucester Road incident.

(IV) Job Creation

13. Apart from pressing ahead with major capital works projects, we are making extra efforts in minor works in order to create more jobs for the construction sector.

Minor Works

14. Minor works funded under block allocations are also progressing satisfactorily. In particular, as a result of the relatively good weather in 2009, landslip preventive and remedial works are well ahead of schedule. The Civil Engineering and Development Department plans to implement more landslip preventive works in 2009-10 and will seek an additional allocation of \$100 million for Head 705 Subhead 5001BX Landslip Preventive Measures (block allocation) in 2009-10. We will consult the Panel before seeking funding approval from the Public Works Subcommittee and the Finance Committee. Such additional works will not only further improve slope safety, but also create more jobs for the construction sector.

Operation Building Bright

15. With the dual objective to alleviate the unemployment situation in the building repair and maintenance industry and to improve building safety, the Government launched the “Operation Building Bright” (OBB) on 7 May 2009 in collaboration with the Hong Kong Housing Society (HKHS) and Urban Renewal Authority (URA).

16. In response to the overwhelming response from building-owners to the OBB, the Finance Committee approved an additional allocation of \$1 billion on 3 July 2009 for the OBB. The budget of the scheme thus totals \$2 billion (i.e. Government contributing \$1.7 billion and the HKHS and URA \$150 million each). We estimate that the OBB will assist about 2 000 target buildings and create 20 000 jobs for the construction and repair workers as well as the related professionals and technicians.

17. Up to 30 September 2009, HKHS and URA had issued a total of 442 approvals-in-principle to eligible Category 1 target buildings (i.e. those with owners' corporations established). Some of the owners' corporations have started the relevant works in the third quarter of 2009. We have so far also selected 460 buildings as Category 2 target buildings (i.e. buildings having difficulties in organising repair works). In the event that the owners are unable to coordinate the repair, the Buildings Department (BD) will carry out the relevant works for such buildings. Up to 30 September 2009, BD had started repair works for 69 Category 2 target buildings and created about 1 060 jobs for building professionals, technicians and workers.

(V) Manpower Supply in the Construction Industry

18. With the rapidly rising Capital Works Programme expenditure, we need to assure the required delivery capacity. This includes ensuring adequate supply of professional and supervisor staff as well as construction worker supply in the construction industry.

19. On the professional side, we have commissioned a study which revealed that there should not be a major problem in the supply of manpower in most construction related professional disciplines to meet the demand in the coming few years. Notwithstanding, we have expanded the quota of the DEVB's Graduate Training Scheme and increased the attractiveness of the Scheme to train up more young professionals. We are also pleased to see that the private sector has also taken similar measures to attract new entrants.

20. On the labour/supervisor side, the Construction Industry Council (CIC) has commissioned a similar study to assess and forecast the supply and demand of construction workers and supervisors/technicians in the coming years. Although the study has not yet been finalised, the CIC has implemented a number of measures to enhance training of construction workers to address the potential problems of skill mismatch, ageing and the reluctance of the younger generation to join the construction industry. Amongst others, the CIC has launched the Construction Industry Youth Training Scheme to attract new entrants of the young aged group. It has also rolled out training courses in

collaboration with contractors for specific trades such as tunnel boring machine operation and shotfiring. Further, the CIC has expanded its training capacity with the opening of the new training centre at Tin Shui Wai Area 112 in September 2009.

21. Meanwhile, we will continue to work in collaboration with the CIC and industry stakeholders to monitor the manpower demand and supply situation.

(B) Initiatives under “Quality City and Quality Life”

(I) Harbourfront Enhancement

22. We will continue to strengthen our work on harbourfront planning and implement harbourfront enhancement initiatives for public enjoyment. Harbourfront enhancement projects completed/to be completed in 2009 include the beautification works at Tai Wan Shan Park (Promenade), a waterfront park at Sheung Wan Gala Point and a 200-metre long waterfront promenade along the Kwun Tong Public Cargo Working Area. We will continue to identify and roll out new initiatives to enhance the harbourfront, such as the initial development of the Hung Hom Waterfront Promenade which will commence construction in early 2010 for completion in end 2010. We will continue to ensure that our planning, land use and urban design are in line with our stated mission to protect the Victoria Harbour and engage the public early from planning, design to development.

(II) Conserving Central

23. The history of Central witnessed the transformation of Hong Kong from a fishing village into Asia’s World City. Today, Central is our administrative centre and home to many local, Mainland and international financial and business corporations. The CE has announced, in his 2009-10 Policy Address, innovative projects aiming at conserving Central for our future generations and taking this distinct area in Hong Kong to new heights. These projects follow CE’s concept of Progressive Development. They build on Government’s commitment on

harbourfront enhancement and heritage conservation, and champion for more greening and connectivity. They will preserve many of our social, historical and architectural features in Central while adding new life and vibrancy to the area.

24. A total of eight specific projects as listed below are included in the Conserving Central initiative. An illustrative pamphlet is at **Annex 2**.

(a) *New Central Harbourfront Sites 1 and 2*

We will significantly reduce the development intensity of Sites 1 and 2 (“Comprehensive Development Area” and “Commercial” sites adjoining Central Piers 4 to 6 and International Finance Centre II) to improve viewing of our magnificent harbour, and redistributing the gross floor area to Site 5 (the Government, Institution or Community site north of CITIC Tower) as recommended by the Harbour-front Enhancement Committee. The revised design concept will feature a large landscaped deck connecting the Central Business District to the new harbourfront. Instead of commercial land sale for office/hotel uses, we will develop Sites 1 and 2 into a distinctive civic node and mixed use precinct featuring low-rise structures for exhibition, retail, entertainment, civic and community uses under public-private partnership for public enjoyment.

(b) *Central Market*

We will invite the URA to rehabilitate the Central Market and turn it into a “Central Oasis” to provide the much needed open space and greenery in busy Central for the enjoyment of all who work and live in the area as well as other members of the community. The new landmark will provide four levels of information-cum-leisure space with mega bookstores, eateries, sitting out areas, cyber information points, an arts event atrium and a roof garden providing some 1 000 square metres of public open space.

(c) *Original Site of Central School (Also Former Police Married Quarters Site on Hollywood Road)*

We will invite proposals from interested organisations or enterprises to convert and revitalise the site into a hub of creative industries with facilities such as exhibition galleries, art and design studios, office or shop space for various creative industry-related operations, education and training centre for creative industries, lodging for visiting artists, etc. The site will also include an exhibition centre of Central School and a display of the historical relics.

(d) *Central Police Station Compound*

Noting the views expressed by the public in the six-month public engagement exercise in 2007/2008, HKJC is actively working with its consultants on a revised design with a view to reducing the height and the bulk of the proposed new structure.

(e) *Central Government Offices Complex*

We have recently completed a heritage study on the Central Government Offices buildings. A copy of the Executive Summary, Conclusions and Recommendations of the Study is posted on the website of the Antiquities and Monuments Office (AMO) (www.amo.gov.hk). In the light of the recommendation of the Study that the Main Wing and the East Wing be preserved for appropriate adaptive re-use in a manner that is compatible with its original design and shows respect for its previous function as the seat of Government, the Administration has decided to allocate these two buildings to the Department of Justice for reprovisioning its current office in the Queensway Government Offices. The West Wing, which is of low historical and architectural significance, will be demolished to make way for commercial development. We shall develop part of its present footprint as a garden for

preservation of the existing greenery. Appropriate height restriction and public access requirements will be imposed for any future development.

(f) *Murray Building*

Given its prime location in proximity to Peak Tram and Hong Kong Park and a great demand for high-end hotels in central locations, MB has high potential for conversion into a hotel. Such conversion is also an environmentally preferred option. We intend to dispose of MB through open tender, with the inclusion of conservation requirements in the tender conditions.

(g) *Former French Mission Building*

The Former French Mission Building (FFMB), which currently houses the Court of Final Appeal, will become vacant when the Court of Final Appeal moves to the Old Supreme Court Building after the Legislative Council is relocated to the Central Government Complex at Tamar by end 2011. We welcome ideas on the most suitable adaptive re-use of the FFMB, which is a declared monument, and intend to adopt an open process in taking forward the project.

(h) *Hong Kong Sheng Kung Hui Compound*

The Hong Kong Sheng Kung Hui (HKSKH) proposes to redevelop their Compound in Lower Albert Road, Central to provide additional community services of a non-profit making nature. HKSKH will preserve all the four existing historic buildings, namely Bishop's House, St. Paul's Church, Former Church Guest House and Old Kei Yan Primary School, within the Compound.

(III) Greening, Landscape and Tree Management

25. As recommended in the “Report of the Task Force on Tree Management – People, Trees, Harmony” (the Report) published on 29 June 2009, DEVB will take up the overall policy responsibility for greening, landscape and tree management. We plan to establish a Greening, Landscape and Tree Management (GLTM) Section in the Works Branch of DEVB, underpinned by a Greening and Landscape Office and a Tree Management Office, to facilitate the adoption of a holistic approach in the policy and implementation aspects of greening, landscape and tree management, to ensure more effective co-ordination across departments and to enhance professional and technical expertise in the management of trees. Under the steer of the proposed GLTM Section, departments concerned will improve tree risk assessment arrangements, step up training, and promote community involvement and public education.

26. We briefed the Development Panel at its meeting on 28 July 2009 on the recommendations in the Report and consulted Members on the establishment proposals for the setting up of the proposed GLTM Section. We plan to seek the approval of the Establishment Sub-committee and the Finance Committee shortly.

(IV) Heritage Conservation

27. In the past year, we have made good progress on heritage conservation. In the Government domain –

- (a) we have selected six applicants for the revitalisation of six government-owned historic buildings under Batch I of the Revitalising Historic Buildings Through Partnership Scheme (the Revitalisation Scheme). With the funding approval of the Finance Committee in July 2009, site works for the restoration of the Old Tai O Police Station as a heritage hotel will soon commence for completion by mid-2011. We will seek funding approval for the restoration of Fong Yuen Study Hall, Lai Chi Kok Hospital, Lui Seng Chun and Mei Ho House between October 2009 and June 2010. For North

Kowloon Magistracy, which does not require funding support from Government, the restoration works are scheduled to commence in November 2009 for completion by August 2010;

- (b) we launched Batch II of the Revitalisation Scheme in August 2009. Applications for the five buildings (i.e. Old Tai Po Police Station, Blue House Cluster, Former Fanling Magistracy, Old House at Wong Uk Village and Stone Houses) will close in end December 2009;
- (c) since the announcement of the preliminary grading of 1 444 historic buildings proposed by AMO on 19 March 2009, about 560 responses (including verbal and written comments) have been received from the public and owners. AAB is now examining the preliminary grading as well as the feedback received with a view to confirming the final gradings of the first batch of historic buildings before the end of 2009. It will, where necessary, consult the Expert Panel again in the process; and
- (d) in September 2009, we declared 41 pre-war waterworks structures located within six reservoirs (including Pok Fu Lam Reservoir, Wong Nai Chung Reservoir, Kowloon Reservoir, Aberdeen Reservoir, Shing Mun (Jubilee) Reservoir and Tai Tam Group of Reservoirs) as monuments under the Antiquities and Monuments Ordinance for permanent protection. To promote public enjoyment, the Water Supplies Department has at the same time created a waterworks heritage trail at Tai Tam.

28. In the private domain –

- (a) following the launching of the Financial Assistance for Maintenance Scheme in August 2008, we have approved five applications and are now processing another six applications; and

- (b) applying the policy on economic incentives to facilitate conservation of privately-owned historic buildings, the Chief Executive in Council approved in September 2009 the partial uplifting of the Pokfulam Moratorium as an economic incentive to facilitate the development of Jessville, a Grade 3 historic building. Under the “preservation-cum-development” approach, Jessville will be revitalised as a club house for the residents of the development and arrangements will be in place for public visits.

29. The Commissioner for Heritage’s Office has launched a number of public engagement and publicity activities targeting at youths and students in 2009. We shall continue with these efforts. The theme activities in 2010 will be on community outreach, targeting at connecting built heritage at the district-based level.

(V) Minor Works Delivery System

30. In view of the recent public concerns over the maintenance and repair works in Government buildings and facilities as many services to the public are provided from these premises, we have formed an inter-departmental Task Force to review the current minor works delivery system of works departments. The Task Force will look into the current system in respect of the mode of service delivery, project prioritisation and management, progress monitoring, quality control and enhancement of communications with clients and the public. Proposals will be formulated in due course to enhance the current delivery system for better efficiency and effectiveness.

(VI) Lift Safety

31. The recent lift accidents have aroused much public concern over the need to enhance lift safety in Hong Kong. In this regard, we have implemented a multi-pronged package of improvement measures including the enhancement of Code of Practice for Lift Works, the improvement to lift maintenance service procurement, stepping up of inspections, enhancement of publicity and announcement of serious lift incidents since November last year. We will closely monitor the

progress in the implementation of these various measures for improvement.

32. Separately, we have formed two Task Forces comprising representatives from the lift contractor associations and the workers' union to review the need to strengthen the statutory framework and drawn up a proposal to amend the Lifts and Escalators (Safety) Ordinance (Cap. 327). This includes the introduction of a registration system for lift and escalator workers, upgrading of the qualification requirement for lift and escalator engineers, review of penalty level and sanctions under the Ordinance, streamlining the procedure of disciplinary proceedings, issuance of notices for non-compliances and review of the format and display of safety label and certificates of periodic examination. We will carry out public consultation for three months starting in November 2009 with a view to early amendment of the Ordinance to enhance lift safety in Hong Kong.

(VII) Voluntary "Water Efficiency Labelling Scheme"

33. Fresh water is a scarce resource. From a sustainability perspective, water conservation is one of the fundamental elements to ensure a reliable and sufficient water supply to the people in Hong Kong. Against this backdrop, we launched a Total Water Management Strategy in 2008 with an aim to manage the demand and supply in an integrated, multi-sectoral and sustainable manner.

34. In regard to water demand management, we have stepped up public education on water conservation. Amongst others, we will implement a voluntary "Water Efficiency Labelling Scheme" (WELS) to promote awareness of the public in respect of the level of water consumption and efficiency of water-using fixtures and appliances. This will facilitate proper choice of water-efficient products by the public to promote water conservation. The WELS will be implemented in phases for different water-using fixtures and appliances. The first phase has been implemented since this year for bathing showers while the next phase will cover taps and washing machines for implementation in 2010.

CONCLUSION

35. We welcome Members' feedback and pledge to work closely with LegCo in taking forward DEVB's policy initiatives. In the next three months, we aim to further discuss with the Development Panel and the Subcommittee on Harbourfront Planning under the Panel the following items –

- Enhancing lift safety in Hong Kong and proposal to amend the Lifts and Escalators (Safety) Ordinance (Cap 327)
- Optimising the use of industrial buildings to meet Hong Kong's changing economic and social needs
- Enhancing the delivery of Kai Tak Development and proposed creation of a D2 post
- Study on Land Use Planning for the Closed Area
- North East New Territories New Development Areas Planning and Engineering Study
- Urban Design Study on the New Central Harbourfront
- Public Open Space in private developments

Development Bureau
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