

Legislative Council Panel on Development

Initiatives of Development Bureau in the 2011-12 Policy Address and Policy Agenda

INTRODUCTION

The Chief Executive (CE) delivered his 2011-12 Policy Address on 12 October 2011 entitled “From Strength to Strength”. This is supported by the Policy Agenda which lists the HKSAR Government’s new and ongoing initiatives and a booklet on “Major Achievements of the Third Term Government of the HKSAR” (the Achievement Booklet). This paper reports on the achievements and elaborates on those initiatives under the Development Bureau (DEVB).

POLICY ADDRESS AND POLICY AGENDA INITIATIVES

2. The work of DEVB mainly contributes to the two themes of “Developing the Infrastructure for Economic Growth” and “Quality City and Quality Life” set by the CE for the Third Term of the HKSARG. Progress made to date on DEVB’s work is listed in the extract from the Achievement Booklet at **Annex 1**. An extract of all the new and ongoing initiatives under DEVB as contained in the 2011-12 Policy Agenda is at **Annex 2**. The major items are highlighted in the paragraphs below.

Developing Infrastructures for Economic Growth

(I) Infrastructure Development

3. The spending performance of the Capital Works Programme in 2011-12 is satisfactory, reaching a record high figure of around \$58 billion. This is a substantial improvement from the actual expenditure of \$20.5 billion in 2007-08 and a considerable increase from the spending of \$49.8 billion in 2010-11.

4. We are pressing ahead with various infrastructure projects under our portfolio. For Kai Tak Development (KTD), construction of the first-stage development, comprising the public rental housing, the cruise terminal and the supporting infrastructure is progressing on schedule for completion in mid-2013. Following the funding approval in June 2011, construction of infrastructure works to serve the residential sites at the north apron and the bio-remediation works at Kai Tak Approach Channel commenced in July 2011.

5. In regard to the Liantang/Heung Yuen Wai Boundary Control Point (BCP) project, construction of a resite area for Chuk Yuen Village affected by the project is in full swing and is scheduled for completion in early 2012. Detailed design of the site formation works and the connecting road leading to the BCP have commenced in March 2011. Works are expected to commence in early 2013, subject to funding approval. The Hong Kong and Shenzhen Governments have jointly announced the winning entries of the International Design Ideas Competition for the passenger terminal building at the prize award ceremony held in early September 2011. We will continue to liaise with the Shenzhen authority to take forward the design of the passenger terminal building. Additional facilities in the BCP including a public carpark, pick-up and drop-off points for private cars and a pedestrian subway will be provided to facilitate direct access to the BCP by passengers and vehicles.

6. We have also made good progress on other major projects which will help improve our living environment, including the three drainage tunnel projects on Hong Kong Island, Tsuen Wan and Lai Chi Kok; the replacement and rehabilitation of water mains; and slope improvement works under the Landslip Prevention and Mitigation Programme.

7. The joint Hong Kong-Shenzhen Planning & Engineering Study on the Lok Ma Chau Loop (the Loop) has commenced since 2009 to explore the feasibility of developing the Loop with higher education as the leading land use, to be complemented with high-tech research and development facilities as well as cultural and creative industries. With the completion of the Stage 1 Public Engagement that took place

simultaneously in Hong Kong and Shenzhen in late 2010/early 2011, the Study has made good progress. We aim to complete the Study in 2013.

8. We have commenced the Planning & Engineering Study for the North East New Territories (NENT) New Development Areas (NDA) covering Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling. The NENT NDA will provide land to meet the long term housing need and other future land use requirements. It is expected that the Study will be completed in 2013.

9. The Planning & Engineering Study on the Hung Shui Kiu (HSK) NDA has also commenced since August 2011. We aim to complete the Study in 2014.

10. Apart from the major capital works projects, we have also been pressing ahead with the minor works in order to create more jobs for the construction industry. Together with building maintenance works under the “Operation Building Bright” (OBB), the unemployment rate of the construction sector fell from a peak of 12.8% in the period from February to April 2009 to 4.2% in the third quarter of 2011. This represents the lowest unemployment rate in the past 13 years and at the same time reflects the increasingly tight labour situation.

11. We expect that based on the planned infrastructure programme, the capital works expenditure will exceed \$60 billion for each of the next few years, creating more jobs for the construction industry and hence further stretching the construction labour market.

12. To ensure the timely and effective delivery of the massive infrastructure programme, we need to maintain and nurture an adequate, multi-skilled construction workforce. To this end, we have obtained approval of the Finance Committee of the Legislative Council (LegCo) for a one-off allocation of \$100 million. Following that, we have, in collaboration with the Construction Industry Council (CIC) and other key industry stakeholders, enhanced training and trade testing initiatives for prospective fresh blood and in-service construction personnel, and promotion and publicity activities to attract more people to join the industry.

13. Since the phased implementation of the initiatives starting in September 2010, the investment in construction manpower has produced some encouraging results at this initial stage. More people have joined the industry under the enhanced training programme. In particular, from the roll-out of the Enhanced Construction Manpower Training Scheme in September 2010 up to the end of September 2011, about 600 trainees have joined the scheme and more than half of them have completed the training. Nearly all of them are new entrants and more than 60% of the trainees aged below 35, which reflect that more young people are willing to join the construction industry.

14. CIC will continue to strengthen its role in training and trade-testing to ensure that the industry will be served by an adequately skilled and multi-skilled labour force. In view of the rising demand for construction labour and the lead time for workers to accumulate experience to become skilled workers, we are working closely with CIC to build up its training capacity by exploring different modes of training. In addition to traditional classroom training, CIC is also making good progress in pursuing the Contractor Cooperative Training Scheme, whereby on-site training is provided to construction workers by the participating contractors.

15. In view of the volume of public works projects and building works projects from the private sector in the pipeline, we will closely monitor the manpower situation and the effectiveness of the initiatives with other key stakeholders including CIC, contractors and labour unions to address the manpower needs in a suitable manner.

(II) Land Supply

(a) 2011-12 Land Sale Programme and ongoing land use planning work

16. We continue to adopt the two-pronged approach to increase land supply through the Application List system and government-initiated land sale. In the three quarters from April to December 2011, the 21 residential sites sold and to be sold through government-initiated auction or tender, and the residential site sold by auction after successful triggering, will provide about 7 400 flats. Further to the sale of the

ex-Yuen Long Estate site with “flat size restrictions” early this year, we have included five such sites for government-initiated tender in this year’s Land Sale Programme. We have sold three of them, and together with the ex-Yuen Long Estate, these four sites with “flat size restrictions” will provide not less than 3 220 small and medium-sized flats. In order to better safeguard the quantity of the flat supplied, we have specified the minimum number of flats the developers have to provide in three bigger sites already sold, which will generate not less than 2 100 flats, and would do the same for two other sites to be tendered in December.

17. Apart from the sale of government sites, railway property development projects have all along been an important source of housing land, especially for providing small and medium-sized flats. The four West Rail projects at Nam Cheong, Tsuen Wan 5 (Bayside), Tsuen Wan 5 (Cityside) and Long Ping (North) will provide a total of 7 471 flats, including 4 932 (66%) small and medium-sized flats. The tendering of the Nam Cheong project is under way, while the two Tsuen Wan 5 projects are currently targeted for tendering in this quarter. Separately, we are also making good progress in the statutory processes concerning the Long Ping (North) project.

18. To sum up, in the first three quarters of the 2011-12 financial year, the land supplied through government-initiated sale, the three West Rail projects mentioned above, urban redevelopment projects, housing developments subject to lease modification/land exchange and those private redevelopment projects not requiring lease modification/land exchange will provide about 20 000 flats.

19. The development of the NDA, being one of the ten major infrastructure projects, will provide land to meet the long term housing and other land use needs of Hong Kong. Planning of the NDA is in progress. It is estimated that land in the NENT NDA and HSK NDA will be available for development from 2018 and 2021 respectively at the earliest. We have obtained funding approval from the LegCo in July 2011 to commence a planning and engineering study on the remaining development in Tung Chung, with a view to taking forward the development of the remaining area of the planned Tung Chung new town and addressing the long-term housing needs of the territory. We have

commenced a planning study on the quarry site at Anderson Road and are conducting a three-month public consultation on the residential development options.

(b) Initiatives to increase housing land supply

(i) Industrial Area Assessment

20. Last year, Planning Department (PlanD) completed the latest Area Assessments of Industrial Land in the Territory. The purpose was to review the industrial land that has not yet been developed in the “Industrial” and “Other Specified Use” annotated “Business” zones and find out how the floor space of the existing private industrial buildings in these two zones was being used, so as to explore how the precious land resources could be better utilised. The Assessments proposed approximately 30 hectares of industrial land for rezoning to residential use. This will help increase the housing land supply.

21. The sites proposed to be rezoned for residential use are located in Tsuen Wan, Yuen Long, Fo Tan, Siu Lek Yuen, Tuen Mun, Tai Kok Tsui and Fanling. Among them, the five sites (about 6.7 hectares) on government land are being taken forward for land sale or public housing development, and will provide a total of about 6 470 flats (including about 2 270 and 4 200 flats for private and public rental housing respectively). The remaining 11 sites (about 22.7 hectares) on private land can roughly provide 14 260 flats, but the timing for redevelopment will largely depend on the initiatives of the private sector.

(ii) Review of Green Belt Zones

22. With the passage of time, the characteristics of some sites in “Green Belt” (“GB”) zones may have changed. Some are devegetated, deserted or formed, thus no longer performing their original functions. As a measure to increase housing land supply, PlanD is carrying out a comprehensive review of the “GB” zones in the Outline Zoning Plans. The objective is to rationalise the “GB” zoning boundary and identify potential land suitable for housing development or other uses. At present, 15 plots of land with a total area of about 50 hectares, mostly

under Government's ownership, have been identified for further technical assessments for assessing their potential for residential development.

(iii) Review of Government, Institution or Community Sites

23. As for sites zoned "Government, Institution or Community", PlanD from time to time reviews with the relevant bureaux/departments the need to retain those sites reserved for their use. If a site is no longer needed due to a change in policy or implementation plan, PlanD will consider whether it is suitable for other uses, including residential development, and will follow up as appropriate. If need be, PlanD will, in accordance with the Town Planning Ordinance, seek to amend the zoning of the site. We will also give consideration to sites currently occupied by privately-owned public utilities where there is potential for housing development.

(iv) Further Studies for Potential Housing Sites

24. We are also working on enhancing the development potential of degraded rural industrial areas and spoiled agricultural land for implementation as priority development area for public housing development through land resumption, and for provision of infrastructure required to support private housing development. We have identified four potential sites in Kwu Tung South, Yuen Long South, Fanling/Sheung Shui Area 30 and Kong Nga Po, with a total area of about 150 hectares for such purpose. PlanD and Civil Engineering and Development Department (CEDD) will commence the relevant planning/engineering studies for the above sites towards end 2012.

(v) Reclamation outside the Victoria Harbour and rock cavern development

25. Following the announcement by the Financial Secretary in his 2011-12 Budget Speech that about \$300 million would be allocated for conducting relevant studies and public engagement exercises for increasing land supply by reclamation outside Victoria Harbour and rock cavern development in the next few years, we briefed the Panel on Development in May 2011 about the planned studies and the public

engagement exercise.

26. We completed a study on the enhanced use of underground space in Hong Kong in March 2011 and reported the key findings of the study to the Panel on Development in May 2011. The recommended key initiatives include undertaking detailed feasibility studies on relocation of government facilities, notably relocation of the existing Sha Tin sewage treatment works, and the Mount Davis fresh water primary service reservoir and the Kennedy Town fresh water service reservoir to rock caverns, thereby releasing land for other beneficial and compatible uses, as well as a study on long-term strategy of cavern development. We will consult the Panel on Development to seek funding support for taking forward the aforesaid studies.

27. We have commenced a consultancy study in July 2011 to provide technical backup for informed discussions during the public engagement exercise. We also briefed the Town Planning Board, and the Land and Development Advisory Committee (LDAC) and its Planning Sub-committee on our public engagement plan, and issued information papers to all District Councils in July 2011. To solicit initial views on the initiative and the key areas of concern, we convened focus group meetings for relevant think tanks, business associations and green groups, and conducted individual discussions with concerned academics and professionals in August and September 2011. We are now proceeding with preliminary technical study including the comprehensive site search of potential reclamation sites and rock cavern developments. We plan to kick-start the public engagement exercise and consult the Panel on Development in end 2011.

(III) Transformation of Kowloon East

28. Hong Kong is firmly established as the leading financial and business centre in the Asia-Pacific region and is experiencing a fiercest competition for quality commercial accommodation, especially office space. The National 12th Five-Year Plan has given support to Hong Kong's position as an international financial, trade and shipping centre, and support for Hong Kong's development as an international asset management centre and an offshore Renminbi business centre, increasing

her impact on a global scale.

29. Over the last decade, we have witnessed a strong and an increasing presence of regional headquarters (RHQ) and regional offices (RO) for multi-national companies and this trend is set to continue. The number of RHQ and RO increased from 2 514 to 3 638 from 1997 to 2010, representing 45% increase. Despite the strong demands, the gross floor area (GFA) of all the office space in Hong Kong grew modestly from 12.14 million sq. metres to 14.29 million sq. metres from 2000 to 2010, representing 18% increase only. To capitalise on the fast-growing opportunities of the Mainland and sustain Hong Kong's position as a leading financial and business centre, a steady and adequate supply of quality office space is pivotal.

30. We have included a total of 14 commercial/business sites in the 2011-12 Land Sale Programme, which will yield around 600 000 m² of GFA subject to survey. By end 2011, we would have sold six commercial/business sites that will provide about 300 000 m² of GFA. We will continue to identify more suitable sites for commercial development.

31. The "Hong Kong 2030: Planning Vision and Strategy Study" has recommended appropriate planning measures to support economic growth in the long run. As recommended in the Study, we will continue to consolidate and enhance the existing Central Business District (CBD), while exploring new quality office nodes outside the CBD. Concrete recommendations include freeing up government accommodation not requiring a prime location and developing new office clusters at strategic locations in the metro areas such as Kai Tak and West Kowloon. The demand for other general business use including non-prime offices and traditional industry/warehouse uses will be tackled through revitalisation of old industrial areas and development of other office clusters outside prime locations.

32. Kowloon East is an area comprising the KTD, Kwun Tong and Kowloon Bay. The massive relocation of our manufacturing base to the Mainland in the 1980's and the relocation of the Airport to Chek Lap Kok in the 1990's have left a huge stock of industrial buildings not being fully

utilised. Whilst the demand for quality office can no longer be met by our traditional CBD, some private developers, with good market sense, took the first-mover initiatives to develop high grade office buildings and retail centres in Kowloon East. About 1.4 million m² of office space has been completed.

33. In his 2011-12 Policy Address, the CE announced that we will adopt a visionary, co-ordinated and integrated approach to expedite the transformation of Kowloon East into an attractive, alternative CBD to support Hong Kong's economic development. Specifically, this will involve land use review, urban design, improved connectivity and the associated infrastructure.

(a) Conceptual Master Plan of Kowloon East

34. To facilitate the transformation of the former industrial areas into another key CBD of Hong Kong, it is important that these infrastructural works and facilities should be well-designed and relate well to the context, planning and urban design intentions for Kowloon East. PlanD therefore has mapped out a conceptual master plan for the Kowloon East Business District by adopting the following broad strategies, namely **C**onnectivity, **B**randing, **D**esign and **D**iversity (CBD2) –

(a) **E**nhancing **C**onnectivity – we envisage an Environmentally Friendly Linkage System (EFLS) linking KTD, Kwun Tong and Kowloon Bay. Pedestrian facilities such as footbridge networks and wider pavements will be created. We will consult the public on a proposed elevated monorail and other EFLS options. More details on public consultation on the initial findings of EFLS are set out in paragraph 39 below.

(b) **B**randing the place with Quality Urban **D**esign – improvements in streetscape, greening, and public open space, will be implemented while opportunities of branding and innovation will be fully capitalised at the extensive and continuous waterfront promenade.

- (c) Promoting **Diversity** – while KTD will provide tourism, sports and leisure facilities to a predominantly office and commercial use in Kowloon Bay and Kwun Tong, other uses such as street level shops, cafes by the waterfront, restaurants and entertainment uses at piers, marinas and water sports facilities will be developed at appropriate locations to enhance vibrancy, particularly after office hours.

35. In summary, the Planning Master Plan will help transform Kowloon East into CBD2. The proposition in transforming Kowloon East into a vibrant business district is Government's proactive response to the opportunities unfolded in the process of economic restructuring. Our effort would make Kowloon East a better place to attract and accommodate the businesses that would benefit people of Hong Kong and sustain Hong Kong's position as a global financial and commercial centre.

(b) Setting up of a Kowloon East Development Office (KEDO)

36. To undertake this important initiative, a new, multi-disciplinary KEDO will be set up in DEVB to steer, supervise, oversee and monitor the transformation of Kowloon East. The Office will champion for the goals we have set for Kowloon East and engage stakeholders and the general public in the process. KEDO will provide a focal point for considering private sector initiatives in the area and spearhead this highly strategic and significant development for Hong Kong.

37. The KEDO will be responsible for advocating the conceptual master plan of Kowloon East and providing one-stop advisory and co-ordinating support to land development proposals from private sector proponents that are conducive to the development or transformation of the area into a modern and premier business district. Furthermore, it will also assume the role of providing direction to infrastructural development within the area, specifically performing the project management function of some projects while co-ordinating other projects, as well as taking the lead in resolving interface problems and conflicting

requirements and monitor closely the progress of the relevant projects.

38. Government will engage the public, including the relevant District Councils and various stakeholders on the formulation of the overall master plan to facilitate timely implementation of the enhancement proposals. For this purpose, the KEDO will formulate a comprehensive and coherent public relation and public engagement strategy for new initiatives and projects, and coordinate responses to demands and aspirations from the public. We are examining the preferred organisational structure of the KEDO, its position vis-à-vis the Kai Tak Office under the Kowloon Development Office of CEDD and the level of staffing. We will consult the Panel on Development once these details are available, thus paving the way for a submission to the Establishment Subcommittee of the Finance Committee of LegCo.

(c) Public consultation on the initial findings of EFLS

39. To facilitate the transformation of Kowloon East, it is necessary to enhance and improve intra-district connectivity. We have commissioned a Feasibility Study on Kai Tak EFLS in December 2009 to fulfil KTD's green vision and to improve linkages to adjacent districts. The study reveals that an elevated rail-based link in the form of monorail serving the KTD as well as Kowloon East will be unique to Hong Kong with high tourism appeal and generate synergy for adjacent developments. Since this initiative would have some wide-ranging implications, we consider it necessary to engage the public before making a decision on the mode of transport including the adoption of road-based green transport mode which will be required anyhow to serve the early stages of population intake in the KTD before the rail-based EFLS is available. In tandem with the public engagement exercise, we plan to present the findings to the Panel on Development in due course and consult the Panel again, tentatively in the latter half of 2012, in light of the public views collated.

(IV) Mid-term Review on Revitalisation of Industrial Buildings

40. The CE announced in his 2009-10 Policy Address a package of measures to facilitate redevelopment and wholesale conversion of older industrial buildings to provide suitable premises to meet Hong Kong's changing social and economic needs.

41. These revitalisation measures formally came into effect on 1 April 2010 and the progress of implementation has been encouraging. By the end of September 2011, Lands Department had received 63 applications and approved 35 of them; most of these were applications for wholesale conversion. These approved applications will provide converted or new premises with a total GFA of 380 000 m².

42. We carried out a mid-term review on the package of revitalisation measures between late 2010 and September 2011, during which we engaged various stakeholders to collect their views and comments on possible improvements to the measures. While most stakeholders were supportive of the revitalisation measures, they suggested some possible areas of refinement that might encourage more and better quality wholesale conversion projects.

43. We have carefully considered all views and comments received and have decided to introduce the following refinements to the measures –

- (a) affirm that, for the purpose of fulfilling the eligibility criteria for application under the revitalisation measures, the placing of GFA-exempted utility installations (e.g. machine room for lifts) on the main roof level of a wholly converted industrial building will not be regarded as increase in building height and that addition of claddings or installation of curtain walls on the exterior of a wholly converted industrial building will not be regarded as increase in building bulk;
- (b) allow minor changes to the existing building frame including variations to the internal and external building

structures within the existing building envelope, on the conditions that demolition of external structures should involve no more than 10% of the total GFA of the existing building and that there is no net increase in the total GFA after conversion;

- (c) encourage all new applicants for wholesale conversion under the revitalisation measures to obtain certification by the Building Environmental Assessment Method Plus Assessment (but applicants will not be required to obtain a mandatory rating); and
- (d) extend the application period of the revitalisation measures for a further three years, i.e. extending the deadline for submission of applications from 31 March 2013 to 31 March 2016.

44. As part of the review, we also studied a proposal to allow recovery of GFA loss due to wholesale conversion works by allowing the construction of new GFA-accountable floor space outside the existing building envelope (subject to no net increase in total GFA). However, we have decided against such a proposal because we need to maintain a clear distinction between wholesale conversion and redevelopment, but this proposal could be tantamount to allowing redevelopment indirectly without charging land premium. We consider that the nil waiver fee arrangement (under the revitalisation measures, the owner does not have to pay the waiver fee for the change of use for the wholesale conversion of the industrial building for the lifetime of the building or the current lease period, whichever is earlier) already provides a substantial incentive to eligible wholesale conversion cases and any further incentive to allow the owner to recover GFA loss due to conversion works cannot be readily justified.

45. Details of the outcome of the mid-term review and refinements to the current revitalisation measures are set out in a separate LegCo Brief.

Purchase and Conversion of Industrial Building for the Water Supplies Department (WSD) facilities

46. Government is taking the lead in implementing the initiative of revitalisation of industrial building. We have sought funding from the LegCo to purchase and convert an industrial building to accommodate New Territories West Regional Office of WSD to release its valuable site at Mongkok for more gainful use. A Water Conservation Education Centre will also be established in the converted industrial building for stepping up public education on water conservation. We will incorporate energy/water efficient installations and devices in the converted industrial building to set an example and promote green building design in revitalising industrial building. WSD has already engaged consultants to provide services for purchase of a suitable industrial building.

(V) Supporting Hong Kong construction and related engineering professionals to do business in the Mainland

47. The steady growth of Mainland's economy and expansion of the construction market in recent years have been providing ample business opportunities for Hong Kong's construction and related engineering professionals. We have been assisting stakeholders of the construction industry to gain access to the Mainland market through securing preferential treatment under the framework of the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA).

48. Since signing of the CEPA in 2003, 29 market liberalisation measures have been secured for the construction sector and 1 225 nos. of Hong Kong construction and related engineering professionals (under six professions: architect, structural engineer, planner, estate surveyor, quantity surveyor and building surveyor) have obtained professional qualifications of their Mainland counterparts through the mechanism of mutual recognition of professional qualifications. These professionals can either register and practise on a nation-wide basis (quantity surveyor) or in Guangdong Province (architect, structural engineer, planner and building surveyor) under the respective pilot schemes.

49. In August 2011, the Central Government announced a plan to open up the Mainland market to Hong Kong's service providers. Under the plan, Hong Kong construction and related engineering professionals who have obtained Mainland professional qualifications through the mutual recognition mechanism are allowed to register and practise in Guangdong and to enjoy the same treatment as their Mainland counterparts. These liberalisation measures will facilitate local construction professionals to practise and establish business on the Mainland. We have been working closely with the Mainland authorities under the CEPA framework to ensure effective implementation of pilot schemes for Hong Kong construction and related engineering professionals to register and practise in Guangdong.

Quality City and Quality Life

(I) Implementation of the new Urban Renewal Strategy

50. On the basis of broad consensus built over an extensive two-year public engagement between July 2008 and July 2010, we have drawn up the new Urban Renewal Strategy (URS) that has come into effect since 24 February 2011. All the key initiatives contained in the new URS have been put in place -

- (a) the first District Urban Renewal Forum (DURF) has been set up in Kowloon City since June 2011 as an initiative to adopt a district-based and public participatory approach to urban renewal. The Kowloon City DURF has already met twice and agreed on a work plan for the coming year. A district planning study and a district social impact assessment study will soon be launched with early public engagement;
- (b) the Urban Renewal Trust Fund with an endowment of \$500 million by the Urban Renewal Authority (URA) has been established and is in operation. The Trust Fund will provide an independent funding source to support the operation of social service teams who will render assistance to affected residents of urban

redevelopment projects implemented by the URA, support social impact assessment and other related planning studies to be proposed by DURF to strengthen urban renewal planning at the district level, and support heritage preservation and district revitalisation initiatives proposed by non-governmental organisations and other stakeholders in the overall context of urban renewal. The Urban Renewal Fund Limited, an independent company limited by guarantee, was incorporated on 15 August 2011 to act as trustee for the Trust Fund and to perform activities to attain the objects of the Trust Fund;

- (c) the URA has announced details of its new “facilitator” scheme and “demand-led” scheme to facilitate redevelopment and started receiving applications from interested owners from 26 July 2011. While application under the “facilitator” scheme is open all year round, for better planning purpose, application for the “demand-led” scheme will be open till 31 October 2011;
- (d) the URA has launched the “flat for flat” scheme as an alternative to cash compensation for owner-occupiers of residential properties affected by the URA's urban renewal projects; and
- (e) preparation is under way to hand over the dedicated site for the “flat for flat” scheme at the KTD to the URA in the first half of 2012. The flats are expected to be ready for occupation in 2016.

(II) Fostering a Quality and Sustainable Built Environment

51. In response to rising public concerns over the quality and sustainability of built environment and the so-called “inflated building” problem, the CE announced in his 2010-11 Policy Address that we would tighten the policies concerning the granting of GFA concessions for

private buildings and introduce standards for quality and sustainable building design such as requiring the incorporation of building separation or enhancement of building permeability, setback and greenery as design elements in new buildings.

52. The Buildings Department (BD) consulted the stakeholders in the building industry and the Buildings Sub-committee of the LDAC on a total of 15 draft new/revised practice notes for implementing the new measures. Taking into account the practical concerns expressed, and to allow more room for introducing green building features, BD refined the draft practice notes and promulgated the finalised versions on 31 January 2011. The new requirements apply to building plans submitted on or after 1 April 2011. We will continue to monitor the implementation of the package of measures.

(III) Heritage Conservation

53. In addition to taking forward the heritage conservation projects under “Conserving Central”¹, we have made good progress with other initiatives on heritage conservation. In the Government domain –

- (a) For the six revitalisation projects under Batch I of the Revitalising Historic Buildings Through Partnership Scheme (the Revitalisation Scheme), the Savannah College of Art and Design Hong Kong Campus, which was revitalised from the former North Kowloon Magistracy, commenced operation in September 2010. The other five projects are expected to start operation from 2011 to 2012;
- (b) For the revitalisation of the Old Tai Po Police Station, the Blue House Cluster and the Stone Houses under Batch II of the Revitalisation Scheme, we plan to seek funding approval from the Public Works Subcommittee and the Finance Committee of the LegCo from end 2011 to first

¹ “Conserving Central” was announced by the CE in his 2009-10 Policy Address. It comprises eight innovative projects to preserve many of the important cultural, historical and archaeological features in Central while adding new life and vibrancy to the area. The implementation progress of these projects is set out at Annex 3.

half of 2012;

- (c) We launched Batch III of the Revitalisation Scheme on 7 October 2011. Applications for the four buildings (i.e. King Yin Lei, Bridges Street Market, Haw Par Mansion and Former Fanling Magistracy) will close in February 2012;
- (d) Up to September 2011, Antiquities Advisory Board (AAB) has confirmed the grading of 1 185 historic buildings². AAB will continue to take forward the grading exercise, focusing first on finalising the grading of the remaining items in the list of 1 444 historic buildings before examining new items/categories proposed by the public for consideration of grading³; and
- (e) The Antiquities Authority declared the fortified structure at No. 55 Ha Pak Nai as a monument in June 2011. This addition has brought the total number of declared monuments in Hong Kong to 99. The Antiquities Authority also declared Ho Tung Gardens as a proposed monument in January 2011 to provide Ho Tung Gardens with a 12-month statutory protection while allowing time for the Antiquities Authority to consider whether Ho Tung Gardens warrants declaration as a monument.

54. In the private domain –

- (a) Following the launching of the Financial Assistance for Maintenance Scheme in August 2008, we have approved 14 applications and are now processing another 15 as at September 2011;

² This figure includes items on the list of 1 444 historic buildings in the territory for which a public consultation exercise on their proposed grading was carried out from March to September 2009 as well as new items proposed for grading.

³ AAB will flexibly advance its discussion on the grading of the new items if there is cogent need for an early assessment.

- (b) With the approval of the CE-in-Council for the land lease modification for Hong Kong Sheng Kung Hui (HKSKH)'s Central Compound on Lower Albert Road and the in-situ land exchange for another site of HKSKH on Clementi Road at Mount Butler at nominal premium, four historic buildings in HKSKH's Central Compound will be preserved. The community will benefit from the expanded range of community services available after completion of the preservation-cum-development project as well as enhanced public access to the Central Compound for better appreciation of the four historic buildings; and
- (c) Since the declaration of Ho Tung Gardens as a proposed monument as mentioned in paragraph 53(e) above, we have been discussing preservation options with the owner of Ho Tung Gardens in earnest, taking account of the heritage conservation objective while respecting private property rights.

55. In the past year, the Commissioner for Heritage's Office has organised a series of public education programmes and activities with the objective of encouraging wider participation by different community groups in heritage conservation. For instance, a heritage tourism expo was held since December 2010 to showcase our rich built heritage; King Yin Lei Open Days were organised for the public and stakeholders in April and May 2011; and talks and guided tours to commemorate the centenary of the 1911 Revolution were held in the second half of 2011. We are organising an International Conference on Heritage Conservation in Hong Kong from 12 to 13 December 2011, and expect to draw over 400 participants from around the world and locally.

(IV) Enhancing Building Safety in Hong Kong

56. To further enhance building safety in Hong Kong, the CE announced a new multi-pronged approach in the 2010-11 Policy Address covering legislation, enforcement, support and assistance to owners as well as publicity and public education. In the past year, a number of

important legislative proposals to enhance building safety have been enacted and put into force. The Minor Works Control System has been fully implemented since December 2010, and the Buildings (Amendment) Ordinance 2011 which provides the legislative framework for the Mandatory Building Inspection Scheme (MBIS) and Mandatory Window Inspection Scheme (MWIS) was enacted in June this year. In the current legislative session, we will introduce a subsidiary legislation setting out the modus operandi of the MBIS and MWIS, and introduce a bill to implement various new initiatives to strengthen the Building Authority's enforcement powers to deter non-compliance and encourage owners to take up their own responsibilities in maintaining and repairing their properties. We introduced the Lifts and Escalators Bill to the LegCo in May 2011. We are working closely with the LegCo in the examination of the Bill with an aim to strengthening the regulatory control over lift and escalator safety as early as possible.

57. Since April 2011, BD has started to implement a new enforcement policy against unauthorised building works (UBWs) by extending the coverage of UBWs that will be subject to immediate enforcement action to include most of the UBWs that can be found on the façade of a building. BD has also launched large-scale operations against sub-divided flats. A territory-wide stocktaking exercise for all UBWs on the exterior of buildings has been launched since 2011 with a view to forming a useful database for future enforcement action and policy formulation.

58. As regards UBWs in New Territories Exempted Houses, we have announced our plan to tighten enforcement and to tackle existing UBWs in these buildings through an orderly and progressive approach. We will categorise existing UBWs by reference to the severity of their breach of the law and the risks to building and public safety; and will adopt corresponding measures for progressive enforcement in line with the order of priority. We are finalising detailed implementation plans. In the coming months, we will launch extensive publicity targeted at the villagers concerned to promote their awareness of the risks that the UBWs pose to their occupants and other members of the public, and to clearly apprise them of the types of structures and facilities which may or may not be allowed in these houses. We will then embark on proactive

action against existing UBWs which, although not posing imminent danger, constitute serious contravention of the law and impose higher potential risks to building and public safety. In order to curb the emergence of new UBWs, we will launch a reporting and safety certification scheme for other UBWs which constitute less serious contravention of the law and impose lower potential risks.

59. We are working closely with the Hong Kong Housing Society (HKHS) and the URA to assist owners in need to carry out repair and maintenance works. In April 2011, upon the completion of a comprehensive review, various financial assistance schemes under the HKHS and URA were consolidated into the Integrated Building Maintenance Assistance Scheme under which one-stop assistance is provided to all owners in need and applications for various schemes funded by the Government can be made to either organisation. During the past year, we also continued with the OBB. With a total funding of \$3.5 billion, the OBB will assist the owners of over 3 000 buildings to maintain their buildings and create more than 60 000 employment opportunities in total.

60. We mounted a large-scale public education campaign to foster a building safety culture in Hong Kong. Apart from the “community monitoring” programme under which the public is mobilised to report building safety problems, we have also adopted innovative and tailor-made channels to disseminate building safety messages.

(V) Total Water Management

61. We promulgated the total water management (TWM) strategy in 2008 which maps out the long-term strategy for a balanced demand and supply of raw water to support the sustainable development of Hong Kong. Following our effort to educate the public on water conservation with focus on school students in the past few years, we will enhance public education on water conservation and establish a Water Conservation Education Centre to provide the public with live demonstration of various water saving features, water distribution methods and treatment technologies, leakage detection methods and pressure management technologies in the Centre. Beside that, we have

been implementing a voluntary “Water Efficiency Labelling Scheme” to facilitate the public to properly choose water-efficient products thereby achieving water conservation. We are now conducting a water consumption study to identify general water consumption patterns of domestic household users for promotion of sustainable use of water. We plan to expand our publicity effort to service trades and businesses sector, noting that their use of fresh water constitutes one quarter of the total consumption. We would also raise their awareness in water conservation by organising promotional activities such as visits, talks, campaigns and competitions.

62. We have made good progress on the staged implementation of the Water Mains Replacement and Rehabilitation (R&R) programme which aims at replacing/rehabilitating about 3 000 kilometers of old water mains. Works under stages 1 and 2 have been substantially completed while works under stage 3 and 4 are actively under way. Up to the end of September 2011 a total of 1 649 kilometers of pipes have been replaced/ rehabilitated resulting in sharp reduction in the number of bursts from about 2 500 in 2000-01 to 609 in 2010-11. The water mains leakage rate has also reduced from 25% in 2001 to 20% in 2011. We plan to commence the remaining phase of the R&R programme in early 2012 with a view to completing the entire programme by 2015.

63. The current agreement for the supply of Dongjiang (DJ) water to Hong Kong is due to expire at the end of 2011. We will brief Members on the arrangements for the supply of DJ water between 2012 and 2014, its financial implications and our proposal of seeking a supplementary provision from the Finance Committee of the LegCo to meet the DJ water cost in 2011-12.

64. To diversify the supply sources of drinking water, we will keep abreast of the latest development in seawater desalination technology to monitor the economic viability of this potential source of water supply, noting the reduction in cost due to technological advancement over the past years. We have earmarked a site in Tseng Kwan O and will conduct feasibility study for building a desalination plant at this site.

65. One of the key initiatives under the TWM strategy is to actively consider water reclamation for non-potable application to reduce the demand for fresh water. In this regard, we are exploring the use of reclaimed water for toilet flushing and other non-potable uses in Sheung Shui, Fanling and the NDA, in the north-eastern part of the New Territories.

(VI) Flood Prevention

66. Drainage Master Planning is the strategy we have adopted to provide a comprehensive solution at a district wide level to reduce flooding risk. Drainage Master Plan studies examine and identify the inadequacies of the existing stormwater drainage system and associated facilities within the study area. Review of the Drainage Master Plans will provide a regional assessment over a district to take into account of the most recent developments in the area. We will review the Drainage Master Plans in East Kowloon and West Kowloon to evaluate the performance of the existing drainage system in these districts and propose long and short term improvement measures to mitigate the flooding risks.

67. We have been implementing the flood prevention programme including the three drainage tunnel projects and will commence the construction of the underground stormwater storage tank project in Happy Valley in 2012 to enhance the protection level in flood prone areas. We will also conduct a study to assess the flooding risks associated with stream courses with inhabitants nearby and will devise a warning system for these residents.

(VII) Sustainable Development for Construction – Zero Carbon Building

68. With a view to reducing greenhouse gas emissions in the construction sector and setting an example for others to follow, we embarked on a study to the adoption of low carbon construction measures in June 2011. The study will firstly determine the contribution of the various typical construction processes in greenhouse gas emission, to be followed by the preparation of good practices to reduce emissions. We are pleased to have the support and participation of the construction industry in the study.

69. Buildings account for about 90% of our electricity consumption and 60% of our greenhouse gas emissions. To meet the global challenge of climate change and the sustainable development of Hong Kong, adopting low or even zero carbon construction is a core measure. To spearhead this, we are collaborating with the CIC to develop CIC's former Kowloon Bay training ground into a public open space with the theme of "low carbon living", including the construction of a landscaped area and a zero carbon building (ZCB). This quality public open space will also complement the new policy of revitalising and transforming Kowloon East area into another CBD of Hong Kong.

70. The ZCB aims to surpass the overseas counterparts in respect of offsetting greenhouse gas emissions through export of renewable energy to serve as a showcase for the construction industry, both internationally and locally. The ZCB will adopt a variety of energy-saving, low-carbon building design and technologies with real-life applications in local home and office settings, with a view to increasing public awareness and buy-in of low carbon, sustainable living. This landscape area and ZCB under construction will also provide a quality public open space for enjoyment of office users and residents nearby, as well as becoming one of the important tourist spots. We schedule to open the ZCB and the public open space by mid 2012.

CONCLUSION

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

- Subsidiary Legislation for Implementation of MBIS and MWIS
- Supply of Dongjiang Water
- Redevelopment Scheme of West Wing, Central Government Offices
- Liantang/Heung Yuen Wai Boundary Control Point and associated works
- Increasing land supply by reclamation and rock cavern

- development – Stage 1 public engagement
- Study on the Environmentally Friendly Linkage System to enhance connectivity within Kowloon East

Development Bureau
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