

Legislative Council Panel on Development

Initiatives of Development Bureau in the 2015 Policy Address and Policy Agenda

INTRODUCTION

The Chief Executive (CE) delivered his 2015 Policy Address entitled “Uphold the Rule of Law, Seize the Opportunities, Make the Right Choices, Pursue Democracy, Boost the Economy, Improve People’s Livelihood” on 14 January 2015. This is supported by the Policy Agenda which sets out the Government’s new and on-going initiatives. This paper elaborates on those initiatives under Development Bureau (DEVB).

POLICY ADDRESS AND POLICY AGENDA INITIATIVES

2. The work of DEVB mainly contributes to the two Chapters on “Land, Housing and Transportation” and “Environment and Conservation”. We have also provided input to the Chapters on “Economic Development” and “Education, Population and Human Resources”. An extract of all the new and on-going initiatives under DEVB as contained in the 2015 Policy Agenda is at **Annex**. The major items are highlighted in the paragraphs below.

Economic Development

On-going initiatives

(I) Construction Industry

(a) Infrastructure Investment

3. The spending of the Capital Works Programme in 2014-15 is maintaining at the level of around \$70 billion which is also similar to the actual expenditure of \$70 billion (excluding the one-off grant to the Hospital Authority for minor works projects in \$13.0 billion) in 2013-14.

We will continue to invest in infrastructure development to promote economic growth, create employment opportunities and enhance the long-term competitiveness of Hong Kong.

4. We continue to implement infrastructure projects to meet the diverse needs of the community. Of the about \$370 billion approved by the Legislative Council (LegCo) Finance Committee over the last five years, about 70% is devoted to the Ten Major Infrastructure Projects and the remaining 30% to other projects of varying scales. We expect that based on the planned infrastructure programme, the annual capital works expenditure in the next few years will be at the \$70 billion level.

(b) Procurement System for Public Works Projects

5. While the infrastructure development programme brings to Hong Kong substantial economic and social benefits, we are always mindful of the need to achieve the best economical delivery of quality infrastructures. We continue to look for opportunities and review our procedures so as to attract more contractors and consultants from outside Hong Kong into the local public works construction market thereby bringing new expertise to Hong Kong and ensuring market competition. We will continue the method of cost estimation using the approach of risk analysis for our public works projects but will explore further enhancement taking into account the recommendations of our study consultant.

(c) Security of Payment Legislation

6. To enhance the business operating environment of the construction industry, with the support of industry stakeholders, we have devised a framework for introducing a new legislation to enhance the security of payment in construction-related contracts and with adjudication for speedy resolution of contract disputes, thereby enhancing the cash flow of the supply chain in the construction industry. We plan to conduct public consultation on the legislative proposal in 2015.

(II) Supporting Construction and Related Engineering Professionals to Conduct Business in the Mainland

7. Since signing of the “Mainland and Hong Kong Closer Economic Partnership Arrangement” (CEPA) in 2003, 46 market liberalisation measures have been secured to facilitate stakeholders of the Hong Kong construction industry to practise and develop their business in the Mainland, particularly in Guangdong Province under the pilot scheme arrangement. Through mutual recognition between Hong Kong and the Mainland, as at 1 December 2014, 1 490 Hong Kong construction and related engineering professionals have already obtained the relevant Mainland professional qualifications. Amongst them, 559 professionals of the three disciplines, namely architect, structural engineer and building surveyor, may now use their status of registered practitioner in Guangdong as an enterprise qualification to set up companies to conduct business under the Guangdong pilot scheme. Through the Agreement between the Mainland and Hong Kong on Achieving Basic Liberalisation of Trade in Services in Guangdong (the Agreement) under the framework of CEPA signed on 18 December 2014, the Mainland has opened up 14 sub-sectors of construction and related engineering services in Guangdong to participation by Hong Kong enterprises and professionals by way of a negative list, i.e. the offering of national treatment unless otherwise specified in the Agreement.

8. We will continue to pursue more liberalisation measures for the construction and related engineering services, such as, mutual recognition of professional qualifications for more professional disciplines, including electrical engineer and building services engineer. We will also seek to expand the Guangdong pilot scheme so that more Hong Kong professionals, who have acquired the respective Mainland professional qualifications, may register as practitioners and be recognised for the purpose of fulfilling enterprise qualifications. Efforts are also being made to expand the pilot scheme to other parts of the Mainland.

9. Following the Cooperation Agreement with the Authority of Qianhai Shenzhen -- Hong Kong Modern Service Industry Cooperation Zone of Shenzhen (Qianhai Authority) signed in 2013, we have drawn up a detailed framework for Hong Kong professionals and enterprises in the

construction and engineering sectors to participate in Qianhai development and provide a full range of services throughout the project delivery cycle, including engineering design, project management and works supervision services. The Qianhai Authority is identifying pilot construction projects for implementation of the framework.

10. To facilitate and allow the engagement of Hong Kong consultants to undertake supervision work for the Mainland's foreign aid construction projects in foreign countries, we signed a Memorandum of Cooperation with the Ministry of Commerce on 24 April 2014. Two medium-sized building projects in Nepal and Cambodia have been selected for implementation which brings a new business opportunity to our construction industry.

Land, Housing and Transportation

New Initiatives

(I) Updating Territorial Development Strategy

11. Strategic land use planning in Hong Kong has a long history, and the last review on territorial development strategy entitled "Hong Kong 2030: Planning Vision and Strategy" (HK2030) was completed and promulgated in 2007. It provides a spatial planning framework for the future development of Hong Kong and sets out the broad directions to be adopted by the Government for land supply and town planning for a time horizon up to 2030. Its recommendations include the implementation of the North East New Territories (NENT) and Hung Shui Kiu (HSK) New Development Areas to meet Hong Kong's housing and other needs in the medium to long term.

12. According to the latest projections by the Census and Statistics Department, the growth of Hong Kong's population will slow down and reach 8.47 million by 2041, and the average household size will reduce from 2.9 in 2011 to 2.7 in 2041. Land demand for various uses (such as housing, economic activities and community facilities) is ever increasing. Moreover, the community has a growing aspiration to have a more spacious living environment and a better quality of life. At the same time, the changing global trends over the past decade, such as

enhanced global connectivity and more intensive competition among cities, all point to the need for Hong Kong to catch up on land supply to the economic and social developments needs for sustaining its competitive position.

13. Against this backdrop, we will update the HK2030 study by examining the strategy and possible options for overall spatial planning, land and infrastructure development beyond 2030, with a view to adopting it as the territorial development strategy to cater for the latest planning circumstances in Hong Kong. In this exercise, we will adopt a problem-solving, proactive, pragmatic and action-oriented approach to handle the thorny planning issues critical to Hong Kong's future development. We will also have regard to the objectives of our population policy from the perspectives of creating capacity for sustainable growth, planning for a livable high-density city and enhancing economic competitiveness.

(II) Lantau Development

14. The Lantau Development Advisory Committee (LanDAC) established in January 2014 is making good progress. The LanDAC has drawn up the strategic positioning, development directions and work plans for the development of Lantau. We are adopting a multi-pronged approach to take forward a range of development initiatives. In the long term, we are taking forward studies for major land supply projects along the northern Lantau coast and on the proposed artificial islands in central waters between Lantau and Hong Kong Island. Concurrently, we will conduct short-term studies on the planning of various commercial land uses in northern Lantau; on the preliminary feasibility of cable car extension from Ngong Ping to Tai O and provision of spa and resort developments at Cheung Sha and Soko Islands; and on a proposed overall recreation and tourism development strategy for Lantau. In the short term, we will also seek to further the improvement works at Tai O and Mui Wo, and will kick start the revitalisation of Ma Wan Chung in conjunction with the planning of Tung Chung New Town Extension. In addition, we plan to implement a mountain bike network in phases, and carry out more improvement works for road bends in Keung Shan Road and South Lantau Road. We also work with the relevant departments to review the existing closed road permit system in South Lantau and the

way that closed road permits are issued for the roads concerned.

(III) Energizing Kowloon East

15. Since the establishment of the Energizing Kowloon East Office (EKEO) in 2012, EKEO has advocated the sustainability concept on “walkability” to improve connectivity and enhance the pedestrian environment of Kowloon East. As a continuous effort, we will comprehensively develop the concept of “walkable” Kowloon East in the Kowloon Bay and Kwun Tong Business Areas by various measures. These include exploring ways to facilitate the provision of elevated walkways by the private sector; studying the feasibility of face-lifting Hoi Bun Road Park with a view to strengthening the connectivity between Ngau Tau Kok MTR Station and the Kwun Tong waterfront; studying the feasibility of face-lifting back alleys in Kowloon East to become part of the pedestrian network; and studying the feasibility of constructing a footbridge near Kowloon Bay Mass Transit Railway (MTR) Station to alleviate congestion at the existing pedestrian passages and enhance the connectivity between the Kowloon Bay MTR Station and the future East Kowloon Cultural Centre as well as the residential areas nearby.

16. With the announcement of the results of the “Kai Tak Fantasy” International Ideas Competition on Urban Planning and Design and “Kai Tak 2.0: Healthy Lift-off” with a Healthy City theme selected as the winning scheme, we will make reference to the outstanding designs and concepts of the winner and other shortlisted entries and commence the planning and engineering studies. “Kai Tak Fantasy” will become a tourism, entertainment and leisure hub for public and visitors’ enjoyment.

17. We will carry out a pilot study in Kowloon East to examine the feasibility of developing a “Smart City”, such as using technology to enhance pedestrian and vehicular accessibility, to manage district facilities, and to disseminate information to the public in digital format, with a view to making the area a better place to work and play.

18. We will continue to engage the public and various stakeholders in Kowloon East in formulating our strategy and measures to facilitate the transformation of Kowloon East into an attractive alternative central business district (CBD) to sustain Hong Kong’s long-term

economic development.

On-going initiatives

(I) Increasing Land Supply

(a) Land Use Reviews

19. In order to meet the housing need and for other developments, the Planning Department (PlanD) has conducted reviews over the whole territory on the Government land currently vacant, under Short Term Tenancies or different short-term, Government, Institution or Community and other government uses, as well as Green Belt (GB) sites. Various land use reviews have identified in total some 150 potential housing sites, most of which may be made available for housing development in the five years of 2014-15 to 2018-19 for providing 210 000 flats (over 70% for public housing units), subject to timely amendments to their respective statutory plans for change of land use and/or increase in development intensity. They are an important source of land supply for meeting the housing supply target of providing 480 000 units in the coming ten years from 2015-16 to 2024-25 as in the Long-term Housing Strategy announced in December 2014. In particular, about 70 out of the above 150 sites are GB sites identified after completion of the two stages of the GB review. They cover a total area of about 150 hectares (ha), which account for only about 1% of the total area of land zoned GB in Hong Kong, and are considered suitable for rezoning for residential use.

20. As reported in the information note on “Increasing Land Supply” we provided to the LegCo Panel on Development on 2 January 2015, we have completed presentation to most of the relevant District Councils on the overview of these some 150 potential housing sites by end December 2014, and statutory plan amendments have already been initiated in respect of 45 of these sites.

21. The Government will continue to look out for other suitable sites that have potential for residential and other uses in higher demand in the community. We appreciate the different views on land planning and development in the society. To tackle the long-standing problem of land

shortage, the community as a whole must put the overall land demand of Hong Kong above their own private personal interests. In this connection, we look forward to working with all sectors of the community to jointly examine, discuss and solve the problem.

(b) Increasing Development Intensity

22. In the 2014 Policy Address, we announced that, except for the north of Hong Kong Island and Kowloon Peninsula, the Government considered it feasible to increase the maximum domestic plot ratio currently permitted for other “density zones” in the territory by around 20% as appropriate, planning terms permitting.

23. In the past year, we have adopted the increased development intensity in the newly identified private and public housing sites, including the some 150 potential housing sites identified where appropriate, with a view to making optimal use of our scarce land resources. Where necessary, the Government will submit planning applications to the Town Planning Board (TPB) to seek approval for increasing the development intensity of individual residential sites. The increased development intensity has also been adopted in on-going planning studies and land use reviews as appropriate, and will apply to all future ones.

24. In particular, we are reviewing the planning of the Kai Tak Development (KTD), and exploring the feasibility of further increasing the development intensity in order to gain extra floor spaces for both residential and commercial uses.

(c) Exploring Development Opportunities along Rail Lines

25. Railway property development projects are an important source of private housing land supply. Since 2010-11, a total of six West Rail property development projects have been successfully tendered, capable of providing about 9 100 flats. Other West Rail projects being planned include the sites at Yuen Long Station (about 1 880 flats), Kam Sheung Road Station and Pat Heung Maintenance Centre (about 8 700 flats). The Government will take forward these projects as soon as practicable. In 2014, the MTR Corporation Limited (MTRCL)

successfully tendered three projects, capable of providing about 6 100 flats. We will continue to closely liaise with the MTRCL to expedite the implementation of its projects.

26. In collaboration with the MTRCL, the Government is exploring the development potential of railway stations and related sites along existing and new railway lines (e.g. Siu Ho Wan on Lantau Island) to make optimal use of such land. Planning and technical feasibility studies will be conducted for the potential sites identified as necessary.

(d) Pilot Scheme for Arbitration on Land Premium (Pilot Scheme)

27. In order to expedite land supply for housing and other uses, the Pilot Scheme was launched in October 2014 to facilitate agreement on land premium payable for lease modification/land exchange applications. It will run for a trial period of two years, to be followed by a review by the Government. Under the Pilot Scheme, the Government may select and offer certain cases for arbitration to determine the amount of land premium. Applicants may similarly apply for arbitration in respect of their respective lease modification/land exchange applications under processing.

(e) Optimising the Use of Land

28. Policy bureaux will act decisively to optimise the use of land. After careful review, a number of major sites, where the originally earmarked purposes will no longer be pursued, will be made available for housing development or other uses for which the community has more pressing needs. These sites include Tai Po Area 9, the Cheung Sha Wan Wholesale Food Market Phase 2 site, Tin Shui Wai Areas 112 and 115 and the Queen's Hill site.

(f) Streamlining Land Administration Process

29. The Lands Department (LandsD) has been reviewing the processes under lease and implemented enhancement measures, such as simplification of some lease conditions, alignment with the Buildings Department (BD)'s standard in respect of a number of items in approving building plan submission under lease and streamlining the procedures in

processing lease modification (including land exchange) applications. Two consolidated/revised Practice Notes on the processing of building plans under lease were promulgated in August 2014 to assist the trade. The LandsD will continue to review and, where practicable, implement further suitable measures to facilitate land development.

(g) Revitalisation of Industrial Buildings

30. The measures to facilitate redevelopment and wholesale conversion of older industrial buildings (the revitalisation measures) came into effect on 1 April 2010 and will expire on 31 March 2016. The objective of the revitalisation measures is to better utilise the precious land resources of Hong Kong through encouraging the redevelopment and wholesale conversion of existing industrial buildings with a view to meeting Hong Kong's changing social and economic needs. Up to end December 2014, the LandsD had received 145 applications under the revitalisation measures, of which 105 applications had been approved, which could provide converted or new floor space with a total gross floor area (GFA) of about 1.24 million square metres (m²)¹.

31. The Government will continue to keep in view the implementation of the revitalisation measures but we have no plan to further refine the initiatives.

(h) Development of the West Rail Kam Sheung Road Station, Pat Heung Maintenance Centre and the Adjoining Areas

32. In stepping up efforts to put into full play the integrated development of mass transportation and residential property, PlanD will take forward the planning for residential development above the Kam Tin South West Rail Kam Sheung Road Station and Pat Heung Maintenance Centre, with land of about 33 ha in total estimated to provide about 8 700 flats. In parallel, a land-use review of the adjoining areas of about 110 ha was undertaken with a view to identifying more suitable sites for housing development. The findings of the briefings with stakeholders on the land-use review are being reviewed to facilitate further study. The Government will continue to explore vigorously the residential

¹ Excluding the floor space involved in the 24 applications which were subsequently withdrawn/terminated after approval.

development potential of land along existing and planned railways.

(i) Development of Former Diamond Hill Squatter Areas and Quarry Sites

33. The development of the former Diamond Hill Squatter Areas (Tai Hom Village) as well as the former Cha Kwo Ling Kaolin Mine, former Lamma Quarry and Anderson Road Quarry (ARQ) is in good progress. The ARQ site is estimated to have a capacity to produce about 9 410 flats, and the former Diamond Hill Squatter Areas some 4 050 public housing flats. We are also considering whether we could make use of private developers' capacity for these developments.

(j) New Development Areas and New Town Extensions

34. New Development Areas (NDAs) are a major source of land supply to meet the mid to long-term housing, as well as other social and economic development needs of Hong Kong. The final development proposals of the NENT NDAs (including Kwu Tung North (KTN) and Fanling North (FLN)) were promulgated in July 2013, and the HSK NDA Planning and Engineering Study is in good progress.

35. The KTN and FLN NDAs will provide about 60 000 new units for an additional population of about 173 000. The proportion of public housing, including Public Rental Housing and Home Ownership Scheme, will be about 60%. Moreover, these NDAs will also offer work places for about 37 000 new jobs. The NENT NDAs development will be implemented in phases for full completion by 2031. The Government has prioritised the works packages so that major housing sites, in particular public housing sites, can be formed first with population intake by 2023 to meet the acute housing demand. The first phase of the NDAs development will provide about 16 000 housing flats to accommodate a total population of about 46 500. The detailed design and associated site investigation for the advance works has commenced in November 2014.

36. For the HSK NDA, a Preliminary Outline Development Plan (PODP) has been formulated for the area, which will provide about 446 ha of developable land. The proposals under the PODP will

accommodate a new town of a population of about 218 000 (including a new population of about 175 000), about 60 000 additional flats and 100 000 job opportunities. The Stage 2 Community Engagement on the PODP was completed in October 2013. Based on the relevant technical assessments and the public views collected, we are preparing the Recommended Outline Development Plan (RODP) for the Stage 3 Community Engagement to be held later.

37. We have also continued our work in examining the feasibility of extending the Tung Chung New Town into a distinct community. Please refer to paragraph 43 below on detailed progress.

(k) Development of the New Territories North

38. Apart from KTN, FLN and HSK NDA, there are vast tracts of undeveloped land in the NT North (including land released from the Frontier Closed Area) that could be considered for meeting the long-term development needs of Hong Kong. A preliminary feasibility study on developing the NT North was commissioned in early 2014 for a comprehensive review of the land use planning for the area to capitalise on infrastructural developments within and adjacent the areas to make the best use of this vast stretch of land for housing, social and economic development.

(l) Review of Deserted Agricultural Land in North District and Yuen Long

39. To make more gainful use of agricultural land which is currently used mainly for industrial purposes, temporary storage, or deserted, the Government is reviewing a total of about 257 ha of such sites in North District and Yuen Long, with a view to identifying more suitable sites for housing development as soon as possible. In this connection, four areas in Kwu Tung South (KTS), Yuen Long South (YLS), Fanling/Sheung Shui Area 30 (FSS) and Kong Nga Po (KNP) have been identified for planning and engineering studies to ascertain the feasibility of and scope for residential development. The studies on the KTS, YLS and KNP sites are in good progress, while the study on the FSS site will be conducted in two phases, with Phase 1 anticipated to commence in 2015 for completion by 2016, and Phase 2 to commence

upon review of Phase 1's findings.

(m) Converting Suitable Government Sites to Commercial Use

40. By converting suitable government sites to commercial use, the sites so released will help increase the supply of commercial office space, thereby facilitating the development of different types of economic activities. The Middle Road Carpark in Tsim Sha Tsui was converted to commercial use and sold in September 2014. The Government plans to convert other suitable government sites in the existing Core Business Districts, including the Murray Road Carpark in Central and the Rumsey Street Carpark in Sheung Wan, into commercial uses. Where possible, the Government will release other suitable government sites for commercial uses.

41. We are also actively pursuing the relocation of the New Territories West Regional Office of the Water Supplies Department (WSD) in Mong Kok to Tin Shui Wai to release the current site of the WSD Office for construction of transport interchange with commercial development above. Subject to funding approval, we plan to commence the construction of the new building in Tin Shui Wai in mid-2015 for completion in end 2017 for vacation of the Mong Kok site afterwards.

(n) Lantau Development

42. We will continue to press ahead with the following land supply initiatives –

(i) Tung Chung New Town Extension

43. As mentioned above, we have also continued our work in examining the feasibility of extending the Tung Chung New Town into a distinct community, leveraging on future economic opportunities brought by the anticipated completion of various transport infrastructural projects in Lantau that would help create more jobs for local residents. According to the draft RODP, about 48 000 flats will be provided in the extension area and the first population intake is expected to start in 2023 the earliest. A commercial hub with a total GFA of 850 000 m² for office, retail and hotel uses is also proposed in Tung Chung East, and it is

expected some 40 000 job opportunities could be created. We completed Stage 3 Public Engagement of the Tung Chung New Town Extension study to consult on the RODP from August to October 2014, and expect to complete the study in 2015.

(ii) *Topside Development at Hong Kong Boundary Crossing Facilities (HKBCF) Island of Hong Kong-Zhuhai-Macao Bridge*

44. We will commence a planning, engineering and architectural study of topside and underground development at the HKBCF Island of the Hong Kong-Zhuhai-Macao Bridge to provide a total of GFA of more than 300 000 m² for commercial offices and other uses. This project will give rise to synergy with the other existing and planned developments in North Lantau, including the developments in Tung Chung and the development of North Commercial District in the airport island by the Airport Authority, and capitalise the opportunities of bridgehead economy after the commissioning of the Hong Kong-Zhuhai-Macao Bridge.

(iii) *East Lantau Metropolis*

45. We will undertake studies for establishing artificial islands in the central waters between Lantau and Hong Kong Island for developing an East Lantau Metropolis (ELM). With strategic transport links with Hong Kong Island, Lantau and the New Territories West, the ELM has strong potential for development as the third CBD of Hong Kong as well as a new generation of new town accommodating a population of several hundred thousand.

(o) *Reclamation Outside the Victoria Harbour and Rock Cavern Development*

46. We will continue further studies on reclamation sites outside Victoria Harbour as a means of increasing land supply. To take into account major environmental considerations up front, we have substantially completed a cumulative environmental impact assessment (CEIA) for the northern Lantau waters including a Chinese White Dolphin Survey. Based on the findings of the CEIA, we will commence

a planning and engineering study for the proposed reclamation at Sunny Bay as soon as possible. In addition, we plan to initiate a planning and engineering study for the proposed reclamation at Lung Kwu Tan in 2015. Plans for studies for other potential reclamation sites outside Victoria Harbour based on earlier public engagements conducted in the past years will also be drawn up.

47. On rock cavern development, we commenced in September 2014 the investigation and design work on the relocation of the Sha Tin Sewage Treatment Works (STW) to caverns, with a view to releasing the existing site of about 28 ha for other beneficial and compatible uses. The work is in good progress and is scheduled for completion in phases starting from 2017.

48. In the second half of 2014, we also commenced feasibility studies on the proposed relocation of three other government facilities to caverns, viz. Sai Kung STW, Diamond Hill Fresh Water and Salt Water Service Reservoirs and Sham Tseng STW to release a total of about 6 ha of land with development potential in the urban areas for housing and other uses.

49. From a broader perspective, we are continuing the study on the long-term strategy for cavern development in Hong Kong. We are preparing territory-wide Cavern Master Plans and formulating policy guidelines to facilitate future cavern development. Formulation of an implementation programme for relocating suitable government facilities to caverns are also on-going and prospective projects with clear users' demand and support are being identified.

(p) Underground Space Development

50. On the enhanced use of underground space as another source of land supply, we are conducting a territory-wide study to identify opportunities and constraints arising from more extensive underground space development in the urban areas of Hong Kong. We are developing preliminary conceptual schemes for providing more space for commercial and other uses, relocation of incompatible facilities to underground space thereby releasing surface land for other beneficial uses, and enhancing connectivity in the areas under study.

51. Recognising the limited surface land in the conventional business and commercial areas in Hong Kong for further development, and the road congestion problem in these areas, we have selected four strategic urban areas, viz. Causeway Bay, Happy Valley, Admiralty/Wan Chai and Tsim Sha Tsui West, for conducting a detailed pilot study on underground space development. We aim to formulate a master plan for underground space development for each of these areas with priority projects identified for early implementation. Subject to the LegCo's funding approval, we plan to commence the pilot study in the first half of 2015.

(q) Kai Tak Development

52. The KTD is being implemented progressively with essential major infrastructure projects, including those at the north and south apron areas and at the former runway, in good progress. To enhance the connectivity to facilitate the transformation of Kowloon East into another CBD, we have proposed to introduce a multi-modal linkage system in the form of an Environmentally Friendly Linkage System (EFLS) augmented by improved pedestrian walkway and other green transport. We have completed the preliminary feasibility study on the proposed EFLS including two-stage public consultations. Subject to the LegCo's funding approval, we plan to commence a detailed feasibility study in mid-2015.

(II) Harbourfront Development

53. The Government will continue to work with the Harbourfront Commission to engage the public in planning, land use and urban design to carry out the stated mission to protect and beautify the Victoria Harbour for the enjoyment of all. The Harbourfront Commission and DEVB have completed Phase 2 Public Engagement Exercise on the proposed establishment of a Harbourfront Authority in late December 2014. We will consolidate the views collected and decide on the way forward with a view to delivering an attractive, vibrant, accessible and sustainable harbourfront.

(III) Building Maintenance and Urban Renewal

(a) Enhancing Building Safety in Hong Kong

54. Since April 2011, we have adopted a multi-pronged approach covering legislation, enforcement, support and assistance to owners, as well as publicity and public education to further enhance building safety in Hong Kong.

55. In the past few years, we have launched through legislation a number of systems and schemes to enhance building safety, notably the Validation Scheme for Unauthorised Signboards, the Mandatory Building Inspection Scheme, the Mandatory Window Inspection Scheme and the Minor Works Control System. We will continue to monitor the implementation of these systems and schemes.

56. On the enforcement front, the BD has since April 2011 adopted a revised enforcement policy against unauthorised building works (UBWs) by extending the coverage of actionable UBWs to include all UBWs (except minor amenity features) on the façade of a building. BD will continue to implement the enforcement policy and take enforcement action against UBWs through large-scale operations. In particular, BD will enhance the prosecution action against owners who fail to comply with statutory orders in the enforcement action against industrial buildings suspected to have sub-divided flats for residential use and continue to take enforcement action against irregularities relating to building and fire safety in sub-divided flats in residential and composite buildings.

57. As regards UBWs in New Territories Exempted Houses, BD will continue to conduct village-by-village surveys for enforcement against UBWs which constitute serious contravention of the law and impose higher potential risks to building and public safety.

58. On support and assistance for building owners, we have been working closely with the Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA) to assist owners in need to carry out repair and maintenance works through the Operation Building Bright, the Integrated Building Maintenance Assistance Scheme and other assistance

schemes. We will continue our efforts on this front. As regards publicity, we will continue to launch various publicity initiatives through tailor-made channels to foster a building safety culture in Hong Kong and disseminate building safety messages.

(b) Urban Renewal

59. The Government promulgated the Urban Renewal Strategy (URS) on 24 February 2011. The latest progress with the key initiatives contained in the URS is set out below –

(i) *Demand-led Redevelopment Project Pilot Scheme (Demand-led Scheme)*

60. Since the launch of the Demand-led Scheme in July 2011, URA has commenced 10 projects, two of which have been terminated after having failed to meet the 80% owners' acceptance threshold by the specified deadline.

61. While the Demand-led Scheme has been well-received, URA is facing the challenge of an increasing number of applications involving sites with larger areas and which require the consideration of more varied factors. For the purpose of maintaining a sustainable urban renewal programme that balances the objective of achieving better land use and improved living conditions for the affected households and, at the same time, is capable of being self-financed in the long run, URA has conducted a review of the scheme. During the process, URA consulted the LegCo Panel on Development, its seven District Advisory Committees and the District Councils of the major URA redevelopment areas. The review findings were announced by URA on 5 December 2014. The major revisions to the scheme include –

- (a) raising the application threshold of requiring not less than 67% owners' consent to not less than 80% owners' consent so that the 'demand-led' projects to be selected in future will have secured a higher degree of support from the incumbent owners at the point of application in order to enhance the chance for the project to proceed smoothly;

- (b) increasing the minimum site size of applications from 400 m² to 700 m² so as to enhance the planning gain and efficiency of floor layout of the 'demand-led' project upon redevelopment; and
- (c) assigning greater weighting to the conditions of buildings covered by the applications in the project selection process. If the application involves buildings with outstanding building orders issued by the BD, scores will be deducted. This is to make it clear that URA does not encourage owners to neglect their duty of building maintenance and management by seeking redevelopment of their buildings through the Demand-led Scheme.

62. URA plans to invite applications to the fourth round of the scheme in 2015-16 under the revised application requirements and scoring criteria.

(ii) District Urban Renewal Forum

63. Another highlight of the 2011 URS is the establishment of the Kowloon City District Urban Renewal Forum (KC DURF) which was set up to advise the Government on a holistic and integrated approach to renew the Kowloon City district. KC DURF had submitted the District Urban Renewal Plan (the Plan) for Kowloon City to the Government. We are studying the Plan and will follow up on the recommendations where appropriate in our future urban renewal efforts in the district. We will also consider an appropriate time when a second DURF should be set up in the light of the experience of KC DURF.

(iii) Urban Renewal Trust Fund

64. The \$500 million independent Urban Renewal Trust Fund set up by URA has been providing funding support to social service teams appointed to provide assistance and advice to residents affected by URA redevelopment projects. In 2012, the Fund launched the Urban Renewal Heritage Preservation and District Revitalisation Funding Scheme (Funding Scheme) under which funding had been approved for seven projects proposed by community groups. The Board of the Fund is currently conducting a review on the Funding Scheme.

Subsidised Sale Flats

65. To help meet the demand for subsidised sale flats from low and middle-income families, we will actively explore with URA how it can contribute to increasing the supply of subsidised sale flats to provide more property choices and home ownership opportunities for these families.

(c) Lifts and Escalators Ordinance

66. The Electrical and Mechanical Services Department (EMSD) will continue to enforce the Lifts and Escalators Ordinance (LEO) including the registration of qualified persons, provide assistance to Responsible Persons² (who include building owners) to manage their lifts and escalators, conduct inspections, promote modernisation of aged lifts, and conduct public education in particular for the Responsible Persons on their obligations under the LEO to enhance the safety of lifts and escalators in Hong Kong. In consultation with the Lift and Escalator Safety Advisory Committee, EMSD implemented a series of improvement measures in 2014 including revamping the performance rating scheme of registered contractors and releasing the lift maintenance prices of government and private residential buildings for reference by the Responsible Persons.

(IV) Improving Pedestrian Environment and Enhancing External Links

(a) Cycle Track Network in the New Territories

67. We continue to develop a cycle track network in the NT. The cycle track from Ma On Shan to Sheung Shui was completed and opened to public in March 2014. We are carrying out the planning and detailed design for the remaining sections of the system. Subject to the LegCo's funding approval, the construction works for the section from Sheung Shui to Tuen Mun are scheduled to commence by end 2015.

² Responsible Person is a person who owns the lift or escalator or any other person who has the management or control of the lift or escalator.

(b) Liantang/Heung Yuen Wai Boundary Control Point Project

68. The site formation works for the Liantang/Heung Yuen Wai Boundary Control Point (BCP) are in good progress and construction of the connecting road has commenced in phases since July 2013. The regulation of Shenzhen River stage IV is also making good progress. The design for the buildings works and associated facilities of the BCP was substantially completed in March 2014. We plan to seek the LegCo's funding approval in early 2015 with a view to commencing construction of the BCP buildings in the first half of 2015 for completion in 2018.

(V) Energizing Kowloon East

69. The Government continues to push ahead the policy initiatives of Energizing Kowloon East. We will announce our Conceptual Master Plan version 4.0 in January 2015 which is a continuous improvement on our previous versions and has incorporated public views collected from many engagement activities.

70. In 2012-13 and 2013-14 financial years, three sites in Kowloon East were sold providing about 140 000 m² commercial/office floor area in total. Two more government sites in the same district have been included in the 2014-15 Land Sale Programme to provide an addition of about 120 000 m² commercial/office floor area. Since 2012, 13 private development projects have been completed with about 260 000 m² commercial/office floor area in total. In the next five years, the estimated supply of new commercial/office floor area in Kowloon East is about 900 000 m². The momentum of increasing commercial/office floor supply in Kowloon East will continue.

71. To expedite the release of development potential in Kowloon East, we are taking forward the relocation of some existing government facilities including the vehicle examination centres, waste recycling centre and driving test centre in the Kowloon Bay and Kwun Tong Action Areas. A planning and engineering study on the Kowloon Bay Action Area was commissioned in August 2014 for completion around end 2015. We are also working with the Transport Department and other relevant departments to develop the design and technical requirements for the new

vehicle examination centre. The two Action Areas have the potential to supply about 500 000 m² of commercial/office floor area in total.

72. To improve connectivity and enhance the pedestrian environment, we have formulated short, medium and long term improvement proposals for the Kowloon Bay Business Area. A similar study in the Kwun Tong Business Area is under way to enhance walkability and traffic condition in the area.

73. On improving the environment, the Kwun Tong Promenade Phase 2 would be opened to the public in the second quarter of 2015. In the meantime, various public open spaces and face-lifting projects are in progress. Among which, the face-lifting of Tsun Yip Street Playground Phase 1 showcases our study findings on industrial heritage of Kowloon East and its potential for public art and urban design. We are also collaborating with the Drainage Services Department, the Architectural Services Department and the Leisure and Cultural Services Department to convert the existing King Yip Street nullah into Tsui Ping River by providing riverside walkway, improving neighbouring pedestrian facilities and providing more greening along the river. Trees and greenery will also be planted at Lai Yip Street, Hoi Bun Road and various locations in Kowloon East.

74. “Diversity” is one of our key development strategies. We will continue to explore opportunities to provide spaces for operation of arts, culture and creative industries. These include utilising the unused spaces underneath Kwun Tong Bypass. We have undertaken a Market Sounding Exercise for “Creativity, Arts and Culture under Kwun Tong Bypass” from November 2013 to January 2014 to invite non-profit-making organisations to share their ideas and concepts for operating an existing venue, “Fly the Flyover 01” (FF01), as well as two adjacent sites (FF02 and 03) which are current vacant government lands. We aim at identifying the most suitable operator by early 2015 as our project partner to manage and operate this contemporary creative and cultural hub for public enjoyment. We are also exploring opportunities to provide suitable space within the new development projects (e.g. Kwun Tong Action Area) to support the development of the creative industries.

75. It is a complicated and long process to transform Kowloon East into another premier CBD in Hong Kong. We have to strike a balance among the needs of different stakeholders. As of December 2014, more than 300 briefings, seminars, workshops, forums, exhibitions and visits with more than 9 000 participants were held. Besides, about 60 place-making activities by various groups with more than 90 000 participants, including street dance competitions, band performances, running events, photography workshops, outdoor film shows, carnivals, art and craft workshops, architecture exhibitions, cycling competition, fashion show and bazaar were held in “Fly the Flyover 01” (FF01) and the Kai Tak runway tip. We will continue to maintain a close dialogue with the community to gather public views to further improve our work on Kowloon East.

Environment and Conservation

New Initiatives

(I) Development of Desalination

76. We have largely completed the planning and investigation study for the construction of a seawater desalination plant in Tseung Kwan O. The findings confirm that it is feasible to establish the desalination plant. We plan to commence the detailed design for the plant and associated waterworks infrastructure in stages in 2015. The desalination plant is targeted for commissioning in 2020 with an annual output of 50 million cubic metres (mcm) with provision for expansion to 100 mcm.

(II) Water Intelligent Networks

77. Riding on technological advancement in sensors and data analysis in recent years, the WSD will study and progressively establish the “Water Intelligent Networks” by installing sensors in the underground water supply networks. Through the analysis of data collected from the sensors, the health conditions of the water supply networks will be monitored continuously and effective measures, such as pressure management and proactive leakage detection for early identification of pipes needing repair or replacement to reduce water loss and pipe bursts,

can be devised and implemented.

(III) Revitalising Nullahs and River Channels

78. We will apply the concept of revitalising water bodies to nullahs and river channels when carrying out large-scale drainage improvement works and drainage planning for new development areas. We aim at promoting greening, biodiversity, beautification, and water friendliness in addition to achieving efficient drainage, with a view to building sustainable drainage facilities and providing a better environment for people. In the completed Ho Chung River widening project, ecological features have been incorporated to achieve biodiversity and environment beautification with satisfactory outcome. We will commission a consultancy study for developing more practical options for revitalising water bodies.

On-going initiatives

(I) Total Water Management Strategy

79. To brace Hong Kong for challenges of climate change and continuing population and economic growth, we have put forth a host of water demand and supply management measures since the promulgation of the Total Water Management (TWM) strategy in 2008. In October 2014, we commenced a further consultancy study to review and update the TWM strategy. Through the new study, we aim to evaluate the effectiveness of the current measures, forecast the long-term water demand and supply up to 2040, and identify new initiatives to strengthen our resilience and preparedness against uncertainties and challenges.

80. On water demand management, we will continue to implement measures to enhance the promotion of water conservation in domestic and non-domestic sectors. For the domestic sector, in tandem with educational and promotional programmes for schools and communities, we have been providing flow controllers to households under the “Let’s Save 10L Water” campaign³ which received overwhelming response. We have increased the target number of

³ The campaign is to encourage domestic consumers to save 10-litres fresh water consumption per capita per day.

households issued with flow controllers from 30 000 to 120 000. We will also continue a project starting from August 2014 to install flow controllers for selected public housing estates with an overall target of 25 000 households. Similarly, for the non-domestic sector, we are installing flow controllers in 8 000 government buildings and schools. We are also developing best water using practices for selected government facilities such as public swimming pools and parks, and trades of high water consumption such as catering, hotels and laundries. In addition to extending the coverage of “Water Efficiency Labelling Scheme” in August 2014, we plan to study the inclusion of dual flush water closets in the scheme later this year.

81. To reduce water loss, we have replaced or rehabilitated about 2 670 km aged water mains up to end 2014 out of the 3 000 km water mains selected under the water mains replacement and rehabilitation (R&R) programme. The number of water mains bursts has been reduced from 1 066 in 2009 to 257 in 2013, and about 170 in 2014, and the water mains leakage rate reduced from 21% in 2009 to 17% in 2013 and about 16% in 2014. With the R&R programme planned for completion in 2015, the water mains leakage rate is expected to be further reduced to 15%.

82. On developing new water sources, we have been focusing our effort to develop new sources that are not affected by climate change. In addition to development of seawater desalination as mentioned in paragraph 76 above, we have started the planning work and investigation study on supplying reclaimed water to the northeastern part of the NT (including Sheung Shui and Fanling) for toilet flushing and other non-potable uses. We are also working on a plan to promote wider use of grey water recycling and rainwater harvesting systems under suitable new government projects. In the long term, Hong Kong will be supported by six different sources of water supply, including local water, imported water from Dongjiang, seawater for flushing, seawater desalination, water reclamation and grey water recycling/rainwater harvesting.

(II) Green Construction

83. To promote low carbon construction, emission reduction and the use of recycled materials in public works projects, we will continue to implement measures including promoting the use of electric vehicles in works projects, using biodiesel as fuel for construction machineries in construction sites, adopting green site offices, and continuing the trials on the use of waste glass as fill materials in site formation, backfilling and reclamation.

(III) Greening, Landscape and Tree Management

84. We continue to promote sustainable development on quality greening in a highly urbanised living environment. The development and implementation of Greening Master Plans for urban areas have brought about noticeable improvement in the greenery of our cityscape. To continue the Government's effort on greening and sustainable development, the Greening Master Plans for the NT are being implemented by phases.

85. On the promotion of the wider application of skyrise greenery, we have promulgated a user friendly e-version of "Pictorial Guide to Plant Resources for Skyrise Greenery in Hong Kong". This Pictorial Guide provides specific data on the use of plant materials for skyrise greenery in the local context, through which we aim to facilitate proper plant selection and promote the principle of "Right Plant for the Right Place". We will enhance the content and user friendliness of the "Tree and Landscape Map" smart phone apps in 2015. Our aim is to facilitate the public to gain easy access to information of the Map series and to promote their appreciation of trees and green spaces in various districts in Hong Kong.

86. The Tree Management Office (TMO) will continue to enhance tree risk assessment arrangement with priority on areas with high pedestrian and vehicular flow. Other key areas of our work include raising the professional standard of tree management through training; developing guidelines including that on tree transplanting, yard waste reduction and treatment; promoting public education and community involvement; enhancing the care of Old and Valuable Trees and the

emergency response system on tree cases.

87. The complaint handling mechanism of tree related cases has been enhanced through the strengthening of coordination of the TMO and tree management departments.

88. To facilitate private property owners in properly managing trees in their properties, we are collaborating with private property owners and management companies to engage professional contractors to inspect trees in their properties and carry out appropriate risk mitigation measures as required to protect public safety. Information on proper tree maintenance has been promoted through the Trees website (trees.gov.hk), leaflets, videos, etc. The TMO will continue to organise seminars on tree maintenance for private property owners, property managers and the general public every year. The TMO publicises the responsibility for and the importance of tree maintenance, and encourage the public to report on problematic trees.

89. To enhance a professional approach in tree management, the TMO has been conducting research studies on the evaluation of *Trichoderma* species as a biological control agent against Brown Root Rot disease infected trees and field trials on the feasibility of using *Trichoderma* species to rehabilitate *Phellinus noxius* contaminated sites causing brown root rot disease on trees. The TMO will continue to strengthen the management strategy of Brown Root Rot disease so as to better protect the tree population from the disease.

90. We have been promoting public participation in quality greening and proper tree care. By involving the community, we not only aim to foster a culture of love, appreciation and care for our green environment, but also to nurture a sense of ownership. To this end, we will continue the “Be Our Greening Partner” Campaign by engaging greening partners from all walks of life, organising promotion activities for the Campaign, and joining efforts of the community in achieving quality greening and tree management. In 2014, we launched and successfully completed “Our Favourite Old and Valuable Trees” programme with collaboration with experts in the field, professional groups and the participation of general public. In 2015, one of the key events will be the launching of “Tree Care Partner” programme. We

have started a pilot scheme in some schools and we will extend the programme to more schools and other organisations so as to engage public in community surveillance of trees in their neighbourhood.

(IV) Heritage Conservation

91. We have made good progress with a number of initiatives on heritage conservation –

- (a) The six historic buildings under Batch I of the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme) have commenced operation. These include the Former North Kowloon Magistracy (revitalised into the Savannah College of Art and Design Hong Kong Campus), Old Tai O Police Station (revitalised into Tai O Heritage Hotel), Lui Seng Chun (revitalised into Hong Kong Baptist University School of Chinese Medicine – Lui Seng Chun), Fong Yuen Study Hall (revitalised into “Fong Yuen Study Hall” – Tourism and Chinese Cultural Centre cum Ma Wan Residents Museum), Mei Ho House (revitalised into YHA Mei Ho House Youth Hostel) and the Former Lai Chi Kok Hospital (revitalised into Jao Tsung-I Academy);
- (b) Under Batch II of the Revitalisation Scheme, the Blue House Cluster will be turned into a multi-functional services complex “Viva Blue House”, the Stone Houses will be revitalised into a themed cafeteria-cum-visitor information centre, while the Old Tai Po Police Station will be converted to the Green Hub for sustainable living. Renovation works for the Stone Houses have commenced in late 2012 while works for the Old Tai Po Police Station and the Blue House Cluster have commenced in 2013;
- (c) Under Batch III of the Revitalisation Scheme, Haw Par Mansion will be revitalised into Haw Par Music Farm, Bridges Street Market will be turned into Hong Kong News-Expo, while the Former Fanling Magistracy will be converted into the Hong Kong Federation of Youth Groups Institute of Leadership Development. Works for the three

buildings are expected to commence in 2015;

- (d) We launched Batch IV of the Revitalisation Scheme in December 2013. Selection results for the adaptive re-use of four historic buildings (i.e. No. 12 School Street, Old Dairy Farm Senior Staff Quarters, Lady Ho Tung Welfare Centre and King Yin Lei) are expected to be announced in the first half of 2015;
- (e) Up to end December 2014, the Antiquities Advisory Board (AAB) has confirmed the grading of 1 304 historic buildings⁴. AAB will continue to take forward the grading exercise and proceed to examine new items/categories proposed by the public alongside the remaining items on the list of 1 444 historic buildings⁵;
- (f) The Antiquities Authority obtained the support of the AAB to declare three historic buildings, including Lin Fa Temple in Tai Hang, Hung Shing Temple in Ap Lei Chau, and Hau Wong Temple in Kowloon City, as monuments, and after the approval of the CE, the declarations of these three historic buildings as monuments in accordance with the Antiquities and Monuments Ordinance in 2014 have been completed;
- (g) Following the launch of the Financial Assistance for Maintenance Scheme in 2008, we have approved 45 applications involving a total amount of about \$41.36 million and are now processing another 11 as of end December 2014;
- (h) Under the “Conserving Central” initiative, the revitalisation project of the Former Police Married Quarters (PMQ) on Hollywood Road, which aimed at transforming the site into a creative industries landmark, was commissioned in April

⁴ 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 202 new items proposed for grading as announced in February 2013.

⁵ AAB will flexibly advance its discussion on the grading of the new items if there is cogent need for an early assessment.

2014. Up to end December 2014, PMQ attracted around 2 608 047 visitors;

- (i) The archaeological excavation at the works site of the To Kwa Wan Station of the Shatin to Central Link was completed in September 2014. We have reported the relics and remnants unearthed at the archaeological areas at the meeting of the AAB held in November 2014. After that, AAB has endorsed the conservation options for the remnants at the meeting held on 4 December 2014. Most of the remnants will be preserved in-situ; and
- (j) We have, with the assistance of the AAB, completed a review of the policy on the conservation of built heritage in end December 2014. We are actively considering AAB's recommendations.

92. In the past year, the Commissioner for Heritage's Office of the DEVB had organised a series of public education programmes and activities to encourage community participation in heritage conservation. For instance, the "New Life @ Heritage" Exhibition featuring six revitalised historic buildings under Batch I of the Revitalisation Scheme at the Hong Kong International Airport from January to June 2014, had attracted 37 120 visitors; "The Master Class Distinguished Lecture Series", jointly organised with the Antiquities and Monuments Office, Architectural Conservation Programme of The University of Hong Kong (HKU), HKU SPACE and the Construction Industry Council (CIC) from January to March 2014 had attracted some 780 attendees; "Roving Exhibition on the Conservation of Built Heritage", which was held at eight locations from March to May 2014 to enhance public awareness and understanding of the heritage conservation work in Hong Kong had attracted around 100 000 visitors; roving photo exhibitions on "TIMELESS archiCULTURE – UNESCO Asia-Pacific Awards for Cultural Heritage Conservation: 14 award-winning projects of Hong Kong", which was held at nine locations from June to December 2014 introducing the 14 conservation projects in Hong Kong that have won the UNESCO Asia-Pacific Awards for Cultural Heritage Conservation, had attracted around 139 115 visitors; "Heritage Fiesta 2014" cum photo exhibition featuring churches and temples was held from October to

November 2014, during which 22 churches and temples were open for public visit had attracted over 53 000 visitors; and a bimonthly newsletter “活化@Heritage” featuring heritage issues and the work of the Commissioner for Heritage’s Office was published since June 2008.

(V) Landslip Prevention and Mitigation Programme

93. We will continue the Landslip Prevention and Mitigation Programme to upgrade and landscape government man-made slopes, mitigate the landslide risk of natural terrain with known hazards, and conduct safety screening studies for private slopes. We will also continue our efforts on public education on slope safety including enhancing the emergency preparedness of the public.

(VI) Flood Prevention

94. We have been reviewing the Drainage Master Plans (DMP) for various districts with a view to assessing their flood risks and proposing improvement measures to cope with new developments and the impact of climate change. The reviews of the DMPs for Yuen Long, North District and Happy Valley have been completed whereas those for East Kowloon, West Kowloon, Sha Tin, Tai Po, Sai Kung and Northern Hong Kong Island are in progress. We are also conducting a River Flood Risk Study aiming to draw up follow-up measures including flood warning systems and mitigation measures for flood-prone rivers in order to enhance the protection of the residents near these rivers. We will continue to implement projects to improve the drainage systems including the construction of an underground stormwater storage tank in Happy Valley which is in good progress for completion in stages from 2015 onwards.

(VII) Landscaping of Nullah

95. We will continue the design of the improvement works for the Yuen Long Town Centre Nullah to enhance the local environment quality and its ecological value.

Education, Population and Human Resources

New Initiatives

Manpower Development for the Construction Industry

96. The Government has all along been committed to training local workers and attracting new entrants to join the construction industry to help address the keen manpower demand and retain a quality workforce to maintain the quality of construction at high levels. In recent years, the Government has been collaborating with the CIC to implement various initiatives for training of semi-skilled workers.

97. While CIC has substantially increased the supply of semi-skilled workers, the industry still faces a pressing need for skilled workers. Given the practical requirements, it usually requires a lead time of two to four years of on-the-job training, depending on the individual trades, for semi-skilled workers to become skilled workers.

98. To enhance the retention of semi-skilled workers and supply of skilled workers to meet the needs of the industry, we will provide \$100 million for CIC to kick-start new training measures to upgrade the skills of semi-skilled workers to the level of skilled workers in the coming years. We will work closely with CIC and the relevant industry stakeholders to devise appropriate measures to take forward this new initiative. We will make continuous efforts to enhance the career development of construction skilled workers and provide them with more progression pathways.

99. The Government will set up a dedicated Construction Industry Recruitment Centre to provide career counselling services, conduct on-the-spot job interviews and job fairs for local construction workers. It will also facilitate contractors to accord priority to employing qualified local skilled workers.

Further enhancement measures to the Supplementary Labour Scheme for the construction industry

100. According to CIC's manpower forecast, the construction

industry needs additional skilled workers every year of about 10 000 to 15 000 in the coming years, having taken into account the latest forecast construction output, training and other relevant factors.

101. CIC set up a Task Force on Short-term Labour Supply (“the Task Force”) in early 2014 and identified 26 shortage trades. After consultation with the Labour Advisory Board, the Labour Department collaborated with relevant policy bureaux and departments in rolling out enhancement measures to the “Supplementary Labour Scheme” (SLS) in mid-2014 to expedite the preparatory works for applications of importing workers for the 26 shortage trades submitted by contractors for public sector works projects. Nonetheless, the relevant measures have yet to fully address the keen demand of the industry for skilled workers.

102. We learn from the industry that there are some unique operational characteristics of the industry such that it would be facing some uncertainties in applying for labour importation through SLS not encountered by other industries. For instance, construction works involve manpower requirements for different trades and skills. Before the award of a contract, a contractor cannot plan in advance their manpower demand of the project works accurately. On the other hand, once a contract is awarded, the contractor will usually need to commence works shortly to meet the scheduled completion time. Besides, construction works are carried out in sequential order and they may be affected by factors such as weather conditions, supply of materials and manpower, progress of upstream work processes and so on. These all make it difficult for contractors to undertake accurate planning for their manpower requirements.

103. In this connection, we need to launch further enhancement measures having regard to the unique characteristics of the construction industry. For example, allowing imported skilled workers to work across more than one public sector works projects under same contractors can enhance the flexibility of deployment, maximise the productivity of skilled workers and control costs more effectively. We are discussing with the Labour Advisory Board on the further enhancement measures and will liaise closely with stakeholders in the construction industry and the labour sector on the detailed arrangements in order to launch the further enhancement measures as early as possible. We will review their

effectiveness in a timely manner. If these measures still cannot effectively resolve the acute shortage problem of construction skilled workers, we will explore with the construction industry and labour sector the introduction of other more effective and appropriate measures to meet the needs of the Hong Kong's economic and social development.

On-going initiatives

(I) Construction Manpower

104. We and CIC have been actively implementing a host of multi-pronged measures to cope with the tight manpower situation of the construction industry. These measures include enhancing training of local construction workers and attracting more new entrants to join the construction industry.

105. From 2009 to end 2014, CIC has trained up more than 13 000 semi-skilled workers. Amongst other training initiatives, we have collaborated with the CIC to launch the “Enhanced Construction Manpower Training Scheme” for training semi-skilled workers, targeting trades with projected labour shortage, acute ageing or recruitment difficulties. Up to end 2014, there were more than 6 000 graduates who have graduated from the enhanced scheme. Further, to diversify the modes of training and provide more training places, CIC has launched the “Contractor Cooperative Training Scheme”, under which trainees are hired and then trained on-site by contractors so as to acquire site experience at an early stage. Besides, to advance the skill levels of the in-service workers and cope with skills mismatch, CIC continue to provide subsidies for trade tests, skills enhancement courses and specified training courses.

106. To meet the industry's demand for construction supervisors and technicians, we and CIC have collaborated to launch the “Enhanced Construction Supervisor/Technician Training Scheme” in October 2012. CIC targets to train a total of 1 000 construction supervisors and technicians under the scheme. Up to end 2014, about 300 trainees have undertaken the training courses.

107. In May 2011, we collaborated with CIC to launch the “Build-Up Publicity Campaign” to project a positive image of the industry. The latest image tracking survey in 2014 has revealed that since the launch of the campaign, the percentage of young people interviewed who are willing to join the industry has been increased significantly from about 8% to over 27%.

108. Although various initiatives have been implemented smoothly and have attained certain results, the shortage problem of skilled workers has yet to be resolved. On the overriding premise of giving priority to the employment of local skilled workers, safeguarding their income levels as well as promoting training to the construction workforce in a continuous manner, the construction industry needs to import skilled workers in a timely and effective manner to meet the demand. This will not only help meet the manpower demand of the industry but will also make room for the local in-service skilled workers to nurture semi-skilled workers.

109. CIC has also completed its forecast of manpower situation for construction professionals, site supervisory personnel and technicians and released its findings in November 2014. The study has revealed that construction professionals, site supervisory personnel and technicians are generally in shortage. CIC will regularly update and release the manpower forecast. We and CIC will work closely with the industry stakeholders including the relevant professional and education institutions for appropriate measures to tackle the challenges of the industry.

(II) Amendment of the Construction Workers Registration Ordinance

110. The registration system under the Construction Workers Registration Ordinance (CWRO) recognises the skill levels of construction workers to raise their status, ensures the quality of construction work, and provides reliable manpower data to facilitate manpower planning and training. The Phase One Prohibition under CWRO has been implemented since 2007 and the construction industry generally complies with its requirements.

111. On 18 December 2014, the LegCo passed our amendment Bill to CWRO for implementing the remaining phase⁶ of the prohibition part on “designated workers for designated skills”. We target to commence the Bill in April 2015. The implementation of the remaining phase will then commence two years after commencement of the Bill (i.e. April 2017). We will, in conjunction with CIC, widely publicise the registration requirements to the industry and enhance relevant training and trade-test provision during the transitional period to meet the demand.

CONCLUSION

112. 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 –

- Re provisioning of Harcourt Road fresh water pumping station
- Converting Tsun Yip Street Playground as Kwun Tong Industrial Culture Park
- Formation, Roads and Drains in Area 54, Tuen Mun – Phase 1 Stage 1 Works & Phase 2 Stages 3 & 4A Works
- Hung Shui Kiu New Development Area Planning and Engineering Study – Stage 3 Community Engagement
- Kai Tak Development – Infrastructure Works for Development at the Southern Part of the Former Runway

⁶ Under Phase One Prohibition, construction workers carrying out construction works at construction sites shall be registered. The registration qualification of a general construction worker is possession of a valid Construction Industry Safety Training Certificate (also known as “Green Card”). Upon the implementation of the remaining phase of the Prohibition, workers carrying out trade works shall meet the registration qualification and registered as skilled or semi-skilled workers of that particular trade, or under instruction and supervision of a registered skilled or semi-skilled worker of that particular trade.

- Planning and engineering study on reclamation at Lung Kwu Tan
- Relocation of New Territories West Regional Office and Water Resources Education Centre of Water Supplies Department to Tin Shui Wai
- Design and construction for the first stage of desalination plant at Tseung Kwan O – investigation study review, design and site investigation
- Cycle tracks connecting North West New Territories with North East New Territories – Tuen Mun to Sheung Shui section (Remaining)

Development Bureau
15 January 2015