

Legislative Council Panel on Development

Initiatives of Development Bureau in the 2016 Policy Address and Policy Agenda

INTRODUCTION

The Chief Executive (CE) delivered his 2016 Policy Address entitled “Innovate for the Economy, Improve Livelihood, Foster Harmony, Share Prosperity” on 13 January 2016. 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 Innovation and Technology” and “Education, Population and Human Resources”. An extract of all the new and on-going initiatives under DEVB as contained in the 2016 Policy Agenda is at Annex. The major items are highlighted in the paragraphs below.

Economic Development and Innovation and Technology

New Initiatives

(I) Construction Industry

(a) Construction Cost

3. The cost of construction in Hong Kong is higher than our neighbouring regions and the rate of increase in recent years has impacted on the cost estimates of some major infrastructure projects. To address the issue of high construction cost in public works, DEVB will establish a dedicated office to draw up cost control measures and cost reduction initiatives, and steer

and monitor the related work of the works departments. The measures include enhancing project management and cost estimation performance, trimming project requirements that are not fully justified without compromising technical and safety standards, and improving procurement methods to reduce tender risk premium and the overall project costs. In the past year, we adopted New Engineering Contract as a new contract form in some pilot public works projects, which promotes the spirit of contract partnership and reduces contractual risk. We will continue the pilot trial and assess its effectiveness in reducing construction cost.

4. We will make reference to the successful experience of some overseas countries and introduce the concept of “Design for Construction” giving more consideration to the buildability aspects of project designs. Apart from enhancing construction safety, buildable designs can lower the cost of construction through comprehensive appraisal of the construction methods and ensuring their practicality and effectiveness well in advance in the project design stage. We also continue to promote the concept of 3S, standardisation, simplification and single-integrated element, to improve construction efficiency. For example, we anticipate that a prefabrication yard for cutting and bending steel reinforcement bars in Tsing Yi, let out by the Government, will be commissioned in the coming weeks.

5. Benchmarking the unit cost of projects is a significant step towards appraising the construction cost objectively. We will roll out a cost benchmarking system for public works projects. Under the system, new government building projects, initially for schools, government offices and staff quarters, are required to meet the newly established cost benchmarks, except on fully justified grounds, such as onerous site conditions.

(b) Supporting Construction and Related Professionals to Extend Business to the Mainland and New Market

6. Since signing of the “Mainland and Hong Kong Closer Economic Partnership Arrangement” in 2003, 51 market liberalisation measures have been implemented to facilitate stakeholders of the Hong Kong construction industry to practise and develop their business in the Mainland, particularly in Guangdong under the pilot scheme arrangement. Through mutual recognition between Hong Kong and the Mainland, as at 1 December 2015, 1 490 Hong

Kong construction and related 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 registered practitioner qualification in Guangdong as an enterprise qualification to set up companies to conduct business under the Guangdong pilot scheme. In 2015, the Agreement on Trade in Services signed on 27 November extended the liberalisation measures under the negative list (commercial presence) from Guangdong to the whole Mainland. For the positive list (cross-border services), the Agreement extended most of the liberalisation measures in Guangdong to Guangxi and Fujian.

7. 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 established a framework for Hong Kong professionals and enterprises in the construction and related sectors to participate in Qianhai development and provide a full range of services throughout the project delivery cycle, including design, project management and works supervision services. The Qianhai Authority has identified a pilot construction project, and is liaising with the developer for implementation of the framework. The next step is to support the Qianhai Authority to establish an approved list of professional services companies to facilitate their participation in Qianhai development projects involving Hong Kong investment.

8. In 2015, the Ministry of Commerce (MOC) awarded supervision contracts for two medium-sized foreign aid projects in Nepal and Cambodia to two Hong Kong firms. The construction works of the two projects have commenced and are progressing smoothly. In the coming year, we will further liaise with MOC to explore similar future opportunities. The Belt and Road Initiative of the Mainland will potentially open up an even larger market for our professional services. In that connection, we are studying how we may create an effective platform to facilitate Hong Kong companies' participation in those projects.

On-going Initiatives

(I) Construction Industry

(a) Infrastructure Investment

9. The spending of the Capital Works Programme in 2015-16 will exceed \$70 billion which is slightly higher than the actual expenditure in 2014-15. We will continue infrastructure development to meet the livelihood needs of the public and maintain the long-term competitiveness of Hong Kong.

10. Of the about \$370 billion on Capital Works Programme projects approved by the Legislative Council (LegCo) Finance Committee in the past five years, about 60% is related to the Ten Major Infrastructure Projects and the remaining 40% to other projects. We anticipate that based on the planned infrastructure programme, the annual capital works expenditure in the next few years will maintain at a level exceeding \$70 billion.

(b) Procurement System for Public Works

11. To achieve economical delivery of quality infrastructures, we will enhance the capability of the construction industry and facilitate its healthy growth. To ensure sufficient market participants and bring new technology and ideas into the local construction industry, we will facilitate the entry of new contractors and consultants into the relevant approved lists for undertaking public works projects without compromising quality. We will also split large public works projects into smaller ones to facilitate participation by more contractors.

(c) Security of Payment Legislation

12. We conducted a 3-month public consultation on the proposed Security of Payment legislation from 1 June 2015 to 31 August 2015 and received the industry's majority support. We are now conducting a business impact assessment on the proposal and we plan to start drafting the legislation bill this year. The legislation will help contractors, sub-contractors, consultants and suppliers in the supply chain to receive payment on time for work done and services provided. The legislation will also introduce an

adjudication system to speed up the resolution of disputes, thereby enhancing the cash flow of the supply chain in the construction industry.

Land, Housing and Transportation

New Initiatives

(I) Updating Territorial Development Strategy

13. Hong Kong is facing a number of changing circumstances and challenges including the evolving global and regional dynamics, a growing but ageing population, pressing land demand for housing, economic activities and community facilities, as well as an increasing aspiration for more living space and better quality of life. Land developments take long lead time from planning to realisation, and it is necessary to plan well ahead to meet future needs while allowing sufficient flexibility and contingency to cater for uncertainties. Against this backdrop, the Government has been updating the territorial development strategy under the “Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030” (Hong Kong 2030+). A visionary yet problem-solving, pragmatic and action-oriented approach has been adopted in pursuing the study.

14. DEVB and the Planning Department (PlanD) have been collaborating with relevant bureaux and departments in updating the territorial development strategy. We have largely completed the baseline review of various aspects, identified the key planning issues, and assessed different land requirements. In addition, we have examined the key planning directions and strategies for enhancing Hong Kong’s liveability. Aligning with the objectives of our population policy, all these study findings would be the basis for formulation of the building blocks of Hong Kong 2030+, namely creating capacity for sustainable growth, planning for a liveable high-density city and embracing new economic challenges and opportunities. We are now devising the conceptual spatial framework and options for Hong Kong’s sustainable growth, and we plan to commence public engagement later this year with a view to fine-tuning the territorial development strategy.

(II) **Lantau Development**

15. The Lantau Development Advisory Committee (LanDAC) has submitted a work report to the CE and proposed the strategic positioning and development directions for Lantau. We will roll out public engagement activities to collect the public's views on the proposals in the coming months and then draw up a blueprint for developing Lantau providing a reference timetable for implementing the related projects.

16. In the short to medium-term, we propose to undertake Tung Chung New Town Extension as well as developments along the northern part of Lantau including the topside commercial development at the Hong Kong boundary crossing facilities (HKBCF) island of the Hong Kong-Zhuhai-Macao Bridge (HZMB) and the reclamations at Sunny Bay and Siu Ho Wan. At the same time, we will revitalise Mui Wo and Tai O and carry out other local improvement works projects. For long-term development, we will study the proposal of developing an East Lantau Metropolis (ELM) as a new town and core business district. Subject to funding approval of the Finance Committee, we will commence strategic studies for the provision of artificial islands in the central waters between Hong Kong Island and Lantau for the establishment of the ELM. Please also see paragraphs 50 to 52 below for various on-going initiatives in relation to Lantau Development.

17. The LanDAC appreciates the local concerns about the traffic and transport provisions in Lantau which are lagging behind and need improvement to provide convenience to the public, and from a broad and long-term perspective, new provision of strategic roads and railways to tie in with the future land use proposals. On recreation and leisure opportunities, the LanDAC has received various proposals. We are studying their preliminary feasibility and assessing the technical and financial viability of the shortlisted proposals, bearing in mind the preservation of existing environment and local uniqueness.

18. To bring together the relevant resources to take forward the planning and implementation of Lantau development, we will establish a Lantau Development Office (LDO) in the Civil Engineering and Development Department with all the engineering, planning and other professional resources working closely together in a single dedicated office. We will consult this

Panel on the setting up of the LDO in due course.

(III) Energizing Kowloon East

19. Since the establishment of the Energizing Kowloon East Office (EKEO) in 2012, EKEO has been advocating the sustainability concept on “walkability” to provide a convenient and comfortable pedestrian environment to facilitate the transformation of Kowloon East into the second core business district (CBD2) in Hong Kong. To encourage private sector initiatives to enhance walkability, if private landowners propose constructing footbridges or subways at their own cost in accordance with the planned network of pedestrian links, we will implement appropriate measures including waiving land premium for any necessary lease modification to facilitate early implementation of the proposals. In addition, we will study improvements to the pedestrian subway, existing public transport interchange and pedestrian facilities around Ngau Tau Kok MTR Station to provide a comfortable walking environment for pedestrians heading for the Kwun Tong Business Area and the waterfront.

20. We will soon commence a consultancy study on the development of Kowloon East into a Smart City district, including formulation of a framework and setting priority for smart city proposals and pilot tests. We will strengthen cooperation with research and academic institutions to allow the public to enjoy the benefits of integrating technology into urban development and management, and continue to collaborate with all sectors of the community to lay a more solid foundation for smart city development. In addition, we will stipulate conditions for green building design, provision of smart water meter systems and electric vehicle charging facilities for sites to be sold for private development in Kowloon East. We will also require real-time parking information to be provided in commercial car parks at appropriate sites.

21. Kowloon East has potential to supply about five million square metres (m²) additional commercial/office gross floor area (GFA). Among this, the commercial/office GFA in the two Action Areas in Kowloon Bay and Kwun Tong will be increased from 500 000 m², as originally estimated, to 560 000 m². The future development of the Kowloon Bay Action Area will adopt sustainable development concept and integrate smart city elements in respect of information dissemination, traffic management, building design and facilities management, refuse collection and handling, and greening.

22. We are working on two planning and engineering (P&E) studies for the Kai Tak Fantasy, and planning for the early delivery of the Tourism Node project. As quick-wins, we will endeavour to facilitate hosting of more mega events and activities including water sports, and provide some basic facilities for promoting a water-friendly culture in the area.

(IV) Building Repair and Maintenance

23. The Government is very concerned about alleged bid-rigging and other malpractices encountered by building owners when they engage outside agents to undertake building repair and maintenance works. To this end, the Government will continue to adopt a multi-pronged approach in tackling the problem, including taking law enforcement actions, offering support to building owners, as well as conducting publicity and public education activities.

24. To complement the existing support for building owners by other departments and agencies, the Urban Renewal Authority (URA) will launch a pilot scheme to offer direct technical assistance to participating building owners who plan to carry out building repair and maintenance works. The technical assistance will cover the following aspects –

- (a) URA will provide participating building owners with a set of “DIY tool-kits” to guide them in organising building repair and maintenance works. The tool-kits will include guidelines and pro-forma documents to facilitate the proper procurement of contractors for undertaking the works and consultants for overseeing the works, as well as other tips and instructions;
- (b) URA will line up an independent third-party advisor to offer advice to the participating building owners. The advice to be given by the advisor will cover the general scope of works needed to be carried out and an estimate on the cost of such works. On the basis of the advice, the participating building owners may then assess whether the tender prices received for the works are reasonable; and
- (c) URA will make available an electronic tendering platform for building owners to conduct the tendering exercise for engaging contractors. By inviting and receiving expression-of-interest and

issuing tender documents through the tendering platform and keeping the identity of tenderers anonymous until tender opening, the risk of the tendering process being manipulated or interfered by axe-grinders can be reduced.

25. We will continue to work with URA on the details of the pilot scheme and make further announcements in due course. URA aims to launch the pilot scheme in the second quarter this year.

(V) Re-planning of Tseung Kwan O Area 137

26. As part of the Government's on-going efforts in identifying suitable areas for the long-term development of Hong Kong, we will carry out a P&E study for the re-planning of Tseung Kwan O Area 137, which is the last sizeable piece of land in the urban area with potential for large-scale developments. We will explore in the study the feasibility of residential, commercial and other developments, with a view to making more optimal use of this some 80 hectares (ha) of formed land, after accommodating the desalination plant and taking into account considerations including the potential environmental impact, as well as traffic and infrastructural capacities. The P&E Study will be commissioned in end 2016/early 2017 the earliest.

On-going Initiatives

(I) Increasing Housing Land Supply in the Short and Medium-term

(a) Land Use Reviews

27. In order to meet the housing and other development needs in the short to medium-term, PlanD has conducted reviews on 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 sites. As announced in the 2014 Policy Address, we have identified in total some 150 potential housing sites, most of which we aim to make available for housing development in the five years of 2014-15 to 2018-19 for providing over 210 000 flats (over 70% for public housing units), subject to timely amendments to their respective statutory plans. As reported in the information note on "Overview of Land Supply" we provided to the LegCo

Panel on Development in January 2016, among these some 150 potential housing sites, as at end 2015, 46 sites have completed the statutory rezoning procedures and been made available for housing development estimated to provide a total of about 41 000 housing units. Another 17 sites have their statutory rezoning procedures initiated; and if completed, are estimated to provide a total of about 33 400 housing units¹.

28. These some 150 potential housing sites are an important source of land supply for meeting the housing supply target of providing 460 000 units in the coming ten years from 2016-17 to 2025-26. 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 will also consider slightly expanding the area of certain sites where feasible in planning and technical terms. Our preliminary estimate is that this could potentially generate an additional supply of about 17 000 units, 90% of which will be public housing units.

(b) Increasing Development Intensity where Planning Terms Permit

29. The Government announced in the 2014 Policy Address that except for the north of Hong Kong Island and Kowloon Peninsula which are more densely populated, the maximum domestic plot ratio that can be allowed for housing sites located in other Density Zones of the Main Urban Areas and New Towns would be raised generally by about 20% as appropriate. It should be noted that the increase in development intensity of individual housing sites is not automatic, and will continue to be subject to necessary approval by the Town Planning Board (TPB) under the statutory planning mechanism where applicable. As of end 2015, TPB has approved applications of 41 sites for increase in development intensity, resulting in an increase of 7 750 additional flats.

30. In particular, we are continuing to explore the feasibility of further increasing the development intensity of the Kai Tak Development in order to gain extra floor space mainly for residential use. We plan to amend the Kai Tak Outline Zoning Plan to realise the additional housing and office supply

¹ The 17 sites include three sites that were reverted to the original zonings/the proposed rezoning of which was not agreed by the Town Planning Board. The estimated flat production of 33 400 has excluded the flat production of these three sites.

upon completion of the related studies.

(c) Private Housing Land Supply

31. In 2015-16, the private housing land supply from various sources, including government land sale, railway property development projects, projects of the URA, private development or redevelopment projects, was estimated in end December 2015 to have a total capacity to provide around 20 300 flats, which exceeds the 2015-16 private housing land supply target of 19 000 flats.

(d) Exploring Development Opportunities along Rail Lines

32. Railway property development projects are an important source of private housing land supply. Since 2010-11, a total of seven West Rail property development projects have been successfully tendered, capable of providing about 11 000 flats. Other West Rail property development projects being planned include the sites at Kam Sheung Road Station and Pat Heung Maintenance Centre (about 8 750 flats). Since 2013, the MTR Corporation Limited (MTRCL) successfully tendered eight projects, capable of providing about 15 100 flats. We will continue to closely liaise with the MTRCL on the implementation of its projects.

33. In collaboration with the MTRCL, the Government will continue 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.

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

34. In order to expedite land supply for housing and other uses, the Pilot Scheme was launched in October 2014 to facilitate agreement between the Government and private land owners on land premium payable for lease modification/land exchange applications through arbitration. The Pilot Scheme is being implemented 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. Private land owners may also apply for arbitration in respect of their respective lease modification/land exchange applications under processing.

35. As of end December 2015, Lands Department (LandsD) had invited applicants of 11 lease modification/land exchange cases to settle premium through arbitration under the Pilot Scheme. One applicant accepted the arbitration option and the Arbitral Tribunal issued its award in December 2015. The land transaction has been executed. LandsD will continue to select suitable lease modification/land exchange cases and invite relevant applicants to determine premium through arbitration.

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

36. The development of the former Diamond Hill Squatter Areas (Tai Hom Village) as well as the former Cha Kwo Ling Kaolin Mine (CKLKM) and Anderson Road Quarry (ARQ) is in good progress. The former Diamond Hill Squatter Areas will provide some 4 050 public housing flats, the former CKLKM site can provide some 2 240 flats, and the ARQ site is estimated to have a capacity to produce about 9 410 flats. We are also considering making use of private developers' capacity to expedite these developments and are further studying the financial viability of the former Lamma Quarry development.

(II) Medium and Long-term Land Supply

(a) New Development Areas and New Town Extensions

37. 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 statutory outline zoning plans for the Kwu Tung North (KTN) and Fanling North (FLN) NDAs were approved in June 2015, and the Hung Shui Kiu (HSK) NDA P&E Study is in good progress.

38. The KTN and FLN NDAs will be implemented as an extension to the Fanling/Sheung Shui New Town providing 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%. These NDAs will also offer work places for about 37 000 new jobs. The KTN and FLN NDAs development will be implemented in phases for full completion by 2031.

39. For the HSK NDA, a Recommended Outline Development Plan (RODP) has been formulated for the area, which will provide about 442 ha of developable land. The HSK NDA will be the next generation new town for a total population of about 215 000 (including a new population of about 173 000). It will provide about 60 100 additional flats and 150 000 job opportunities. The Stage 3 Community Engagement was completed in September 2015. Based on the relevant technical assessments and the public views collected, we will finalise the RODP and formulate details of the proposals with a view to publication later this year. In order to further examine the option of accommodating some brownfield operations into multi-storey storey compounds, the Government will conduct a more detailed feasibility study on the issue.

40. We have also continued our work in extending the Tung Chung New Town into a distinct community. Please refer to paragraph 50 below on detailed progress.

(b) Deserted Agricultural Land and Brownfield Sites in New Territories

41. To make more gainful use of agricultural land which is currently used mainly for industrial purposes, temporary storage, or deserted, we will continue taking forward the planning for deserted or damaged agricultural land and rural-based industrial sites in Yuen Long South (YLS) as an extension to the Yuen Long New Town for meeting housing and other development needs and improving the local environment. Stage 3 Community Engagement on the draft RODP of YLS commenced in January 2016.

42. Some brownfield sites in the New Territories (NT) have development potential. Most, however, are currently used for various operations and it is not possible to put a stop to these operations all at once. The Government is stepping up efforts to explore ways to accommodate brownfield operations that are necessary and will earnestly study the possibility of accommodating some of these operations into multi-storey buildings. The proposal will improve the environment of rural NT and release land for development.

(c) Development of the New Territories North

43. Apart from KTN, FLN and HSK NDAs and YLS, 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. In the light of the findings of the preliminary feasibility study on developing the NT North, we will explore the scope for further developing a new town of similar scale as Fanling/Sheung Shui.

(d) Reclamation Outside the Victoria Harbour and Rock Cavern Development

44. We continue to carry out technical studies for the proposed Siu Ho Wan, Lung Kwu Tan and Ma Liu Shui reclamations including assessing the feasibility of the reclamation proposals from engineering and planning perspectives. The study for Sunny Bay reclamation is in an advance stage. Pending the availability of fund, we will commence a P&E study for the reclamation proposal as soon as possible.

45. On rock cavern development, we continue the detailed design and public engagement for the relocation of the Sha Tin Sewage Treatment Works to caverns to release the existing site of about 28 ha for housing and other beneficial uses. The detailed design work is in good progress and is scheduled for completion in 2017.

46. We are continuing feasibility studies on the relocation of three other government facilities to caverns, viz. Diamond Hill Fresh Water and Salt Water Service Reservoirs, Sai Kung Sewage Treatment Works and Sham Tseng Sewage Treatment Works. We will formulate relocation plans for these facilities to release a total of about 6 ha of land for housing and other uses. Public consultations are being carried out and we plan to complete the studies by early 2017. Separately, a number of other government facilities have been selected for board-term assessments to support the formulation of a systematic

programme for relocating these government facilities to caverns to free up more surface land for development.

47. From a broader perspective, we will strengthen relevant P&E guidelines to facilitate future cavern development. We are preparing a territory-wide Cavern Master Plan to delineate areas suitable for cavern development including provision of technical information for the reference of potential cavern project proponents. We will also make provisions for proactive consideration of cavern options in the planning of future new government facilities.

(e) Underground Space Development

48. We are continuing a territory-wide study to identify opportunities and constraints associated with more extensive underground space development in the urban areas of Hong Kong. The findings of the study will provide a basis for future development of urban underground space at strategic locations of the territory.

49. We commenced in June 2015 a detailed study on underground space development for Causeway Bay, Happy Valley, Admiralty/Wan Chai and Tsim Sha Tsui West. We will formulate a set of master plans for underground space development for these areas and will identify suitable underground development projects for detailed assessment and early implementation. The detailed study will be completed by the end of 2017, and a public engagement exercise will soon commence.

(III) Lantau Development

(a) Tung Chung New Town Extension

50. We completed the Tung Chung New Town Extension Study in end 2015 and confirmed the development's technical feasibility. We will take forward the new town extension by turning Tung Chung into a distinct community, and leveraging on the future economic opportunities brought by the anticipated completion of various transport infrastructural projects in Lantau, which would help create more jobs for local residents. According to the RODP, about 49 400 flats and 40 000 job opportunities will be provided in the

extension area. A commercial hub is also proposed in Tung Chung East, which will provide a total GFA of about 877 000 m² for office, retail and hotel uses.

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

51. The planning, engineering and architectural study for topside development at the HKBCF island of the HZMB commenced in January 2015. The Stage 1 Community Engagement to solicit views from the public and stakeholders on the initial development concept was completed in September 2015. The public and stakeholders generally agreed to the initial development concept of the topside development. Subject to the results of technical feasibility and financial viability assessments, the development can provide a GFA of possibly up to 500 000 m² for commercial development and other economic activities to capitalise the opportunities of bridgehead economy after the commissioning of the HZMB.

(c) Local Improvement Initiatives

52. We are continuing the planned improvement works for revitalisation of Mui Wo and Tai O in stages, as well as for Ma Wan Chung under the Tung Chung New Town Extension. We are improving and expanding the existing mountain bike trail networks in phases and improving the sharp road bends at Keung Shan Road and South Lantau Road. We are also working closely with the relevant departments to increase car parking spaces in south Lantau and to monitor the implementation of the first phase of traffic relaxation measures for access of tour coaches and private cars to the closed roads in south Lantau.

(IV) Commercial and Economic Land Uses

(a) Converting Suitable Government Sites to Commercial Use

53. 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 Government is continuing with the conversion of suitable government sites in the Core Business Districts, such as the Murray Road Public Carpark in Central

and Queensway Plaza in Admiralty and the government site on Caroline Hill Road, into commercial uses.

54. We are also actively pursuing the relocation of the NT West Regional Office of the Water Supplies Department and the Offices-cum-Vehicle Depot of the Food and Environmental Hygiene Department in Mong Kok to Tin Shui Wai and Yen Ming Road in the West Kowloon Reclamation Area respectively to release the sites for comprehensive development. Uses being explored include residential/commercial development, open space, public transport interchange and/or government, institution or community facilities. Demolition of the existing structures is scheduled for completion by end 2020 and the sites will then be vacated for development.

(b) Revitalisation of Industrial Buildings and Provision of Industrial Floor Space

55. 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. Up to end 2015, the LandsD had received 192 applications under the revitalisation measures, of which 120 applications had been approved, which could provide converted or new floor space with a total GFA of about 1.37 million m².²

56. PlanD's most recent Area Assessments of Industrial Land in the Territory ("Area Assessments")³ shows that utilisation of industrial buildings has improved significantly over the years. And in the medium to long run, the preliminary findings of PlanD's consultancy on "Review of Land Requirement for Grade A Offices, Business and Industrial Uses" suggest that the projected demand of industrial floor space would continue to increase to about 16 million m² GFA in 2018, 17 million m² GFA in 2023 and 20 million m² GFA in 2041.

² Excluding the floor space involved in the 32 applications which were subsequently withdrawn/terminated after approval.

³ 2014 Area Assessments covered existing industrial buildings in "Industrial" ("I"), "Other Specified Uses" annotated "Business" ("OU(B)"), "Residential (Group A)", "Residential (Group E)" and "Comprehensive Development Area" on the Outline Zoning Plans while the scope of 2009 Area Assessments only covered "I" and "OU(B)" zones.

(V) Energizing Kowloon East

57. The Government continues to push ahead the policy initiatives of Energizing Kowloon East. We announced our Conceptual Master Plan version 4.0 in January 2015 which is a continuous improvement on our previous versions, incorporating public views collected from many engagement activities.

58. At present, Kowloon East has more than two million m² of commercial/office floor area. It is estimated that Kowloon East will potentially provide about seven million m² in total in future. A total of 25 private development/conversion projects have been completed since 2012, producing about 480 000 m² of commercial/office floor area. The estimated supply of new commercial/office floor area in Kowloon East in the coming five years is around 800 000 m², including about 270 000 m² from the five pieces of government land sold since 2012. The momentum of increasing commercial/office supply in Kowloon East will continue.

59. To expedite the release of development potential in Kowloon East, we are implementing gradually the relocation of the existing government facilities including the vehicle examination centres, waste recycling centre and driving test centre in the Kowloon Bay and Kwun Tong Action Areas to provide more commercial/office floor space.

60. To improve connectivity and enhance walkability, we continue to formulate and implement various proposals to improve the pedestrian environment and traffic conditions in the Kowloon Bay and Kwun Tong Business Areas. These include carrying out preliminary design for an additional footbridge next to Kowloon Bay MTR Station to enhance connectivity with the future East Kowloon Cultural Centre and nearby residential areas. We continue to collaborate with different organisations and government departments on the back alley project with the spirit of co-creation and social inclusion to further improve pedestrian connectivity.

61. On improving the environment, the Kwun Tong Promenade Phase 2 was opened to the public in May 2015. In the meantime, various public open spaces and face-lifting projects including conversion of Tsun Yip Street Playground, re-provisioning of Shing Yip Street Rest Garden as Tsui Ping River

Garden, reprovisioning of Tsun Yip Street Playground ball courts, improvement to Lam Wah Street Playground and Hoi Bun Road Park and associated public spaces are at different stages of planning and implementation. Moreover, we continue to enrich and update the Green Map on EKEO's website, showing green buildings which have obtained BEAM Plus Gold or Platinum rating in Kowloon East. There are already 19 buildings which have achieved such rating.

62. "Diversity" is one of our key development strategies. This includes utilising unused spaces underneath Kwun Tong Bypass. We have just selected a non-profit-making organisation to operate the "Fly the Flyover 0123" project. We will adopt the place-making approach to transform the spaces into uniquely designed and vibrant venues with facilities related to culture, art, leisure as well as green and healthy city to tie in with the development along the Kwun Tong waterfront.

63. Transformation of Kowloon East into CBD2 is a complicated process which we have to strike a balance among the needs of different stakeholders. As of December 2015, more than 380 briefings, seminars, workshops, forums, exhibitions and visits with more than 10 000 participants were held. Besides, about 100 place-making activities by various groups with more than 120 000 participants were held at "Fly the Flyover 01" and the former airport 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.

64. Kai Tak Development is being implemented in phases with the supporting infrastructure works progressing satisfactorily. Last year, we completed the provision of infrastructure works at the eastern part of the former North Apron. The infrastructures at the former South Apron and along the former runway are now under construction. We commenced a detailed feasibility study (DFS) for the Environmentally Friendly Linkage System (EFLS) for Kowloon East in October 2015. The DFS will evaluate various green public transport modes and identify the most optimal scheme for the proposed EFLS so as to formulate an integrated multi-modal linkage system that will enhance the overall connectivity in Kowloon East. We will conduct consultations and solicit views from different stakeholders for the proposed EFLS in 2016.

(VI) Building Maintenance and Urban Renewal

(a) Enhancing Building Safety in Hong Kong

65. The Government will continue to adopt a multi-pronged approach in enhancing building safety in Hong Kong. Among others, Buildings Department (BD) will continue to strengthen prosecution action against owners who fail to comply with statutory orders in the context of enforcement actions against industrial buildings suspected to have sub-divided flats for residential use. We will also work closely with the Hong Kong Housing Society and the 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. 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

66. The Government promulgated the Urban Renewal Strategy on 24 February 2011 (the 2011 URS). In line with the 2011 URS, the URA continues its role as an “implementer” for redevelopment by initiating redevelopment projects on its own and by responding to a joint approach from building owners to initiate redevelopment of their lot(s)/building(s) under the Demand-led Redevelopment Project Pilot Scheme. Up to end December 2015, URA has initiated a total of 47 redevelopment projects since its inception. These projects have produced/ have the potential of producing a total of about 13 800 residential units.

67. At the same time, URA also continues its role as a “facilitator” for redevelopment by assisting owners of old buildings to assemble property interests with a view to seeking joint sale for redevelopment in the market. In November 2015, URA launched the revised Facilitating Services (Pilot Scheme), under which the processing time of a facilitation scheme has been shortened from two years to nine months.

68. 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 has conducted a review on the Funding Scheme and launched the third round of the Funding Scheme on 15 October 2015. The deadline for this round of application is 31 March 2016.

69. In his 2015 Policy Address, the CE stated that URA and other public or non-profit-making organisations should be engaged to explore ways to increase the supply of subsidised sale flats (SSF) to provide more property choices and home ownership opportunities for low and middle-income families. In response to the CE's initiative, the URA Board approved the designation of 338 residential units in its development project at No. 3, Muk Tsui Street, Kai Tak (New Kowloon Inland Lot No. 6515)⁴ for SSF purpose. URA launched the Kai Tak SSF Scheme on 4 January 2016.

(c) Lifts and Escalators

70. The Electrical and Mechanical Services Department (EMSD) will continue enforcing the Lifts and Escalators Ordinance (LEO) (Cap. 618) including the registration of qualified persons, providing assistance to Responsible Persons⁵ (who include building owners) to manage their lifts and escalators, conducting inspections, promoting modernisation of aged lifts and public education to enhance the knowledge of the public in lift and escalator safety and for Responsible Persons on their obligations under the LEO. In consultation with the Lift and Escalator Safety Advisory Committee, EMSD undertook various work in 2015 including releasing for public reference the lift maintenance prices for private residential and commercial buildings, producing promotional videos on the safety features of lifts and escalators, and launching the "Quality Lift Services Recognition Scheme".

⁴ Government has originally granted the relevant lot to URA by private treaty for the sole purpose of implementing the "Flat-for-Flat" Scheme to cater for eligible previous owners affected by URA's redevelopment projects.

⁵ 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.

(VII) Harbourfront Development

71. The Government will continue to work with the Harbourfront Commission to engage the public in harbourfront-related planning, land use and urban design and carry out the stated mission to protect Victoria Harbour and beautify our harbourfront for the enjoyment of all.

(VIII) Enhancing External Link

72. The construction works for the Liantang/Heung Yuen Wai Boundary Control Point (BCP) are in good progress since the commencement of works in July 2013. The two major construction contracts for the northern section of the connecting road and the Passenger Terminal Building commenced in June and July 2015 respectively. We will make our best endeavours to complete the BCP project in 2018.

(IX) Cycle Track Network

73. We are continuing the development of a comprehensive cycle track network in the NT in phases. Since the opening of a 30-kilometre continuous cycle track from Ma On Shan to Sheung Shui in 2014, we are pressing ahead with the planning, detailed design and construction of the remaining sections of the network. Subject to funding approval of the Finance Committee, we plan to commence the construction of the cycle track from Sheung Shui to Yuen Long in April 2016 for completion in December 2019. At the same time, we are reviewing the alignment of the cycle track section from Tsuen Wan to Tuen Mun.

Environment and Conservation

New Initiatives

(I) Dedicated Fund for Conservation of Built Heritage

74. As recommended by the Antiquities Advisory Board (AAB) under the policy review on conservation of built heritage, the Government will earmark resources to set up a dedicated fund for built heritage conservation,

with a view to supporting public education, community involvement activities, promotional activities and academic research. It will also cover certain existing initiatives and activities on built heritage conservation, such as the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme) and the Financial Assistance for Maintenance Scheme for privately-owned graded historic buildings. We will first earmark \$500 million into the fund.

(II) Safeguarding Drinking Water Quality

75. In response to the lead in drinking water incident and public concerns on drinking water quality, we will adopt a number of measures to regain public confidence in the drinking water quality in Hong Kong, including stepping up the control over the use of pipes and fittings in inside service, enhancing the inspection and approval of plumbing works and reviewing the regimes of water quality monitoring and the existing Waterworks Ordinance (Cap. 102) and Regulations. We will also study overseas practices and experience in formulating and implementing these measures.

76. With the endorsement of the Advisory Committee on Water Resources and Quality of Water Supplies, we have enhanced the “Quality Water Supply Scheme for Buildings – Fresh Water”, particularly the protocols of water quality examination to include the testing of four heavy metals, including lead, and expand the scope of water sampling.

(III) Seawater Desalination Plant

77. We engaged consultants in November 2015 to embark on the design of the first stage of the proposed seawater desalination plant in Tseung Kwan O with a water production capacity of 135 million litres per day (Mld) with provision for expansion to 270 Mld to meet 5 to 10 percent of Hong Kong’s water demand. The detailed design of water mains for delivery of desalinated water to the water supply system using in-house resources is in progress.

(IV) Water Intelligent Network

78. We are progressively establishing the “Water Intelligent Network” (WIN) by installing sensors on the water supply network for continuous monitoring of the health conditions of the water supply network. We are conducting a study on a suitable intelligent network management system for analysis of the vast amount of data collected from the sensors to enable early identification and handling of water mains in poor condition. We will also engage a consultant to explore and adopt appropriate technologies including data mining for predicting the probability of pipe failure.

(V) Greening, Landscape and Tree Management

79. We will continue to improve the greening, landscape and tree management regime by promoting a holistic approach to enrich biodiversity and enhance place ecology. To this end, we will enforce the principle of “Right Tree, Right Place” through developing the concepts of lifecycle planning and life expectancy for all trees, and a street tree selection guide. We will also devise a strategy to more effectively manage the risk of stonewall trees and improve the current risk management strategy for urban tree assets to assess risk quantitatively and set priorities to identify and handle trees with the highest risk.

80. In collaboration with the Home Affairs Department, we will launch the Handbook on Tree Management (HTM) for private property owners and incorporate the HTM into the Code of Practice issued under the Building Management Ordinance (Cap. 344). The HTM is designed to enhance the awareness of responsibility and improve the standards of practice among the private property owners, their management agents, and the owners’ corporations.

On-going Initiatives

(I) Total Water Management Strategy

81. 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. We are conducting a

consultancy study to review and update the TWM strategy.

82. On enhancing water conservation, we have developed the “Cherish Water Campus” Integrated Education Programme on Water Conservation for primary school students. We plan to further promote the use of water saving devices registered under the “Water Efficiency Labelling Scheme” through mandating their use in new developments and major renovation of buildings.

83. To reduce water loss, further to the water mains replacement and rehabilitation programme and in addition to the progressive establishment of WIN, we will step up enforcement action on cases of leaks of inside service and promote leak detection for private water pipes by their owners.

84. On developing new water sources, we are continuing our work on the supply of reclaimed water in the north-eastern part of the NT (including Sheung Shui and Fanling) for toilet flushing and other non-potable uses. We have started the design of infrastructure and a consultancy study on the financial and legal framework for the supply of reclaimed water. We are also working on a plan to promote wider use of grey water recycling and rainwater harvesting systems under suitable new government projects.

(II) Green Construction

85. 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 trials on the use of waste glass as fill materials in site formation, backfilling and reclamation works.

(III) Greening, Landscape and Tree Management

86. We will continue to deliver higher quality landscape planning and design in the upstream to advocate more diligent vegetation management and maintenance in the downstream.

87. We will continue to promulgate technical circulars and guidelines on recommended standard of good practice for proper planting, tree risk

assessment, management and maintenance, and provide training to upkeep and enhance the standard and quality of tree management practice. We will also continue to strengthen the management strategy of Brown Root Rot disease through research studies and field trials so as to better protect the tree population from the disease.

88. By strengthening co-ordination and communication with the tree management departments, the Expert Panel on Tree Management and other stakeholders, we will keep enhancing the complaint handling mechanism, emergency response system as well as notification system on tree related cases.

89. We will also roll out a new round of public education and awareness programme to develop a deeper community understanding of lifecycle of trees, life expectancy and urban impacts on our trees, tree risk management and risks associated with our aging tree population.

(IV) Heritage Conservation

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

- (a) All six projects under Batch I of the Revitalisation Scheme have commenced operation;
- (b) Two projects under Batch II of the Revitalisation Scheme have commenced operation: the Stone Houses has been revitalised into “Stone Houses Family Garden”, a themed cafeteria-cum-visitor information centre; while the Old Tai Po Police Station has been revitalised into the “Green Hub for Sustainable Living”. Separately, the revitalisation works of the Blue House Cluster are expected to be completed by mid-2016. It will be converted into a multi-functional services complex named “Viva Blue House”;
- (c) Under Batch III of the Revitalisation Scheme, Haw Par Mansion will be revitalised into Haw Par Music Farm, Bridges Street Market will be revitalised into Hong Kong News-Expo, while the Former Fanling Magistracy will be revitalised into Hong Kong Federation of Youth Groups Institute for Leadership Development.

Renovation works for the three buildings are expected to commence in 2016;

- (d) The selection result for Batch IV of the Revitalisation Scheme was announced in June 2015. No. 12 School Street will be revitalised into Tai Hang Fire Dragon Heritage Centre, Old Dairy Farm Senior Staff Quarters will be revitalised into The Pokfulam Farm, while Lady Ho Tung Welfare Centre will be revitalised into Lady Ho Tung Welfare Centre Eco-Learn Institute. Preparatory works are underway for renovation works to commence in 2017;
- (e) Up to end November 2015, the AAB has confirmed the grading of 1 309 historic buildings⁶. 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 buildings⁷;
- (f) Three historic buildings - Signal Tower in Tsim Sha Tsui, Race Course Fire Memorial in So Kon Po, and façade of the Old Mental Hospital in Sai Ying Pun, were declared as monuments in accordance with the Antiquities and Monuments Ordinance (Cap. 53) in 2015; and
- (g) The AAB completed the policy review on conservation of built heritage and released the report last year. We welcome and accept the recommendations of the AAB. Implementation plan and timetable have been drawn up for the relevant recommendations, for example, the BD will update the practice note and practice guidebook on conservation of historic buildings within this year. This would provide clearer and more concrete guidelines to private owners of historic buildings and the industry who plan to undergo alteration and addition works for adaptive re-use of historic buildings.

⁶ 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 over 200 new items proposed for grading by the public.

⁷ AAB will flexibly advance its discussion on the grading of the new items if there is cogent need for an early assessment.

91. In the past year, the Commissioner for Heritage's Office of the DEVB organised a series of public education programmes and activities to encourage community participation in heritage conservation. For instance, the "Roving Photo Exhibition on Financial Assistance for Maintenance Scheme" for privately-owned historic buildings was held from June to December 2015; "King Yin Lei Public Open Days" were held at selected weekends from July 2015 to January 2016; "Heritage Fiesta 2015" cum photo exhibitions were held from October to November 2015; and a bimonthly newsletter "活化@Heritage" featuring heritage issues and the work of the Commissioner for Heritage's Office has been published since 2008.

(V) Landslip Prevention and Mitigation Programme

92. We are continuing the Landslip Prevention and Mitigation Programme (LPMitP) 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.

93. We completed a review of the LPMitP in 2015. The LPMitP is in satisfactory progress and delivering the pledged outputs effectively. We will continue the implementation of LPMitP with the following pledged annual outputs remaining unchanged:

- (a) to upgrade 150 government man-made slopes;
- (b) to conduct safety-screening studies for 100 private man-made slopes; and
- (c) to implement risk mitigation works for 30 natural hillside catchments.

(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 DMP for Yuen Long, North District, Happy Valley, East Kowloon and West Kowloon have been completed whereas

those for 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 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 Phase 2 construction works of an underground stormwater storage tank in Happy Valley. The works are in good progress with Phase 1 put into operation since March 2015.

(VII) Landscaping of Nullahs

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.

(VIII) Revitalising Nullahs and River Channels

96. We are undertaking a consultancy study for exploring practicable options for applying the concept of revitalising water bodies to nullahs and river channels when carrying out large-scale drainage improvement works and drainage planning for NDAs. Apart from achieving efficient drainage, such objectives will promote greening, biodiversity, beautification and water friendliness; build sustainable drainage facilities; and provide a better living environment.

Education, Population and Human Resources

On-going Initiatives

(I) Construction Manpower

(a) Strengthening the Manpower Supply

97. To cope with the tight manpower situation of the construction industry, we have obtained a total of \$420 million from the LegCo since 2010 to support the Construction Industry Council (CIC) in stepping up training for local construction personnel and in organising promotion and publicity for

attracting more new entrants, particularly young people, to join the construction industry. From 2009 to 2015, CIC has trained more than 18 000 semi-skilled workers.

98. Amongst other training initiatives, we have collaborated with CIC to launch the “Enhanced Construction Manpower Training Scheme” for training semi-skilled workers with enhanced training allowances, targeting trades with projected labour shortage, acute ageing or recruitment difficulties. 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.

99. 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 2015 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 25%.

100. The Labour Department set up a Construction Industry Recruitment Centre in January 2016 to help contractors recruit local construction workers and assist local construction workers to secure employment. The centre facilitates contractors to accord priority to employing qualified local skilled workers.

101. 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 2015, more than 600 trainees have undertaken the training courses.

(b) Training of Skilled Workers

102. With the financial assistance from the Government, CIC rolled out a pilot scheme in September 2015 to upgrade the skills of semi-skilled workers to the levels of skilled workers with training allowances. The target number of training places under the pilot scheme is 1 000. Up to end 2015, the number of

training place applications was about 300. We and CIC are closely monitoring the progress of the pilot scheme. If the scheme is found effective in training skilled workers, we will explore with CIC and industry stakeholders on how best to continue with the scheme.

(c) Providing Clear Progression Pathways, Training of Ethnic Minorities and Attracting more Female Workers

103. We, CIC and Vocational Training Council are devising clear progression pathways for construction workers to enhance their academic level such as higher diploma or degree to attract more young people to join the construction industry. CIC is open to collaborate with relevant institutions for the best interests of the graduates as well as the industry at large.

104. CIC rolled out another pilot scheme in end 2015 for training ethnic minorities who are currently general workers to semi-skilled workers levels. We and CIC have been closely liaising with ethnic minority organisations to identify suitable training programmes. Up to end 2015, there have been 60 training places under the pilot scheme. On the other hand, CIC keeps close contact with female organisations to better understand female's interest and concerns for working in the industry, and arrange promotion programmes to attract more female to join the industry.

(d) Importation of Construction Workers

105. Although the on-going initiatives have attained certain results, the shortage problem of skilled construction workers has yet to be resolved. According to CIC's manpower forecast released in December 2015, there will be shortage of about 10 000 to 15 000 skilled workers in the industry in the coming years, having taken into account the latest forecast construction output, training and other relevant factors.

106. Under the premise of safeguarding the priority employment of local workers and their wage levels, the construction industry needs to import skilled workers in a timely and effective manner in order to cope with the keen manpower demand to sustain the economic and social development of Hong Kong.

107. In April 2014, the Government rolled out enhancement measures to help expedite the preparatory work of public sector works contractors in Supplementary Labour Scheme (SLS) applications involving 26 trades with manpower shortage. In recent years, it took an average of 7.5 months in processing construction-related SLS applications. Since the launch of the enhanced measures to end November 2015, the average processing time for the above-mentioned applications has been shortened to around six months.

108. In May 2015, the Government implemented flexibility enhancement measures under the SLS with due regard to the unique characteristics of the construction industry. The public sector works contractors are given greater flexibility in deploying imported workers to work across more than a single specified public sector works contract under the same contractor with a view to bringing about a synergy that will enhance the utilisation of productivity in a more effective manner.

109. The Government will review the effectiveness of the aforementioned measures in a timely manner. If these measures still cannot effectively resolve the acute shortage problem of construction skilled workers, the Government 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.

(II) Implementation of “Designated Workers for Designated Skills” under Construction Workers Registration Ordinance

110. The registration system under the Construction Workers Registration Ordinance (CWRO) (Cap. 583) 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. Following the passage of the amendment Bill to CWRO in 2014, we target to implement the remaining phase⁸ of prohibition on “designated workers for designated skills” in 2017. To ensure smooth implementation of the new requirement, we are working closely with CIC in conducting an extensive publicity campaign and deploying outreaching teams to facilitate eligible workers applying for registration at their working places.

CONCLUSION

112. We welcome Members’ feedback and undertake to work closely with LegCo in taking forward DEVB’s policy initiatives. We aim to further discuss with the Panel on Development on the following items shortly –

- Proposed creation of supernumerary directorate posts to establish and lead a new Lantau Development Office and re-organisation of Development Offices of Civil Engineering and Development Department
- Proposed creation of a supernumerary directorate post to establish and lead a dedicated office in DEVB on spearheading and monitoring cost control measures for public works delivery
- Proposed development strategy for Lantau
- Improvement works at Tai O
- Kai Tak Development (KTD) – Stages 3B and 5A Infrastructure Works at North Apron Area of Kai Tak Airport and Progress Report on KTD

⁸ 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.

- Implementation of Water Intelligent Network, stage 1
- Improvement of water supply to Sheung Shui and Fanling
- Upgrading of Chai Wan salt water supply system
- Implementation of the Validation Scheme for Unauthorised Signboards

Development Bureau
18 January 2016