LCQ13: Reprovisioning of brownfield operations and development of the logistics industry

Following is a question by the Hon Alice Mak and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (January 27):

Question:

The Government has reserved a total of 72 hectares of land in Hung Shui Kiu/Ha Tsuen (HSK/HT) and Yuen Long South New Development Areas (NDAs) for the development of multi-storey buildings (MSBs) and modern logistics facilities for the reprovisioning of the brownfield operations affected by development projects. Regarding the reprovisioning of brownfield operations and the development of the logistics industry, will the Government inform this Council:

(1) whether it knows the progress of the market sounding exercise, conducted by the consultant commissioned by the Government, on the development and operation models of MSBs (including the consultation work carried out and the number of submissions received by the consultant so far), as well as the preliminary findings of the exercise;

(2) of the latest timetable for the development of MSBs and modern logistics facilities, as well as the relevant role of the Government;

(3) of the progress of reprovisioning the brownfield operations in HSK/HT NDA, and the assistance provided by the Government to the operators concerned; the number of brownfield operations which have been reprovisioned so far, and the site area so vacated;

(4) whether the Government will consider afresh offering the "one-on-one" reprovisioning arrangements, so as to speed up the reprovisioning of brownfield operations and the land consolidation, as well as consider allocating idle government sites for temporary storage of the large machinery and heavy vehicles used in those operations; and

(5) whether the Government has made plans in the light of the direction of development of Hong Kong's logistics industry when it develops MSBs and modern logistics facilities in the aforesaid two NDAs; whether it will, by drawing reference from Singapore's experience in developing her logistics hub (including the model for allotment of land in the industrial parks by the statutory body concerned), develop modern logistics hubs in the west and the northwest of the New Territories; if so, of the details?

Reply:

President,

In consultation with the Transport and Housing Bureau, my reply to the various parts of the Hon Alice Mak's question is as follows:

(1) and (2) To provide planned and concentrated accommodation to support brownfield operations in an orderly manner achieving better land-use efficiency, we have reserved about 61 and 11 hectares (ha) of land in the Hung Shui Kiu/Ha Tsuen (HSK/HT) and Yuen Long South New Development Areas (NDAs) respectively for relevant uses including logistics facilities, port back-up, storage, workshops, etc. A major part of this 72 ha of land is reserved to develop multi-storey buildings (MSBs) for these industrial operations, while a small part will be used for open-air operations. As the plot ratio of the land used to develop MSBs ranges from 5 to 7, it will help compensate for the reduction in industrial floor space due to redevelopment of brownfield sites for housing and other land uses.

Of the aforesaid 61 ha of land within the HSK/HT NDA, about 37 ha has been reserved for logistics facilities, and the remaining 24 ha for port back-up, storage, and workshop uses. We are implementing in earlier phases site formation and engineering infrastructure works for the part of the land reserved to enable timely construction of MSBs to accommodate brownfield operations to be moved away in subsequent phases. Since the Finance Committee of the Legislative Council approved the funding for the relevant site formation and engineering infrastructure works last June, we expect that the formation for the first batch of MSB sites under the First Phase development will be completed by 2023 the earliest, so that those MSBs would be ready for use by 2027, before the larger-scale clearance of brownfield operations from 2028 onwards for that NDA project.

Brownfield sites within the boundary of various NDA projects are now hosting different industries operating under a lower rental for years. To develop and run MSBs purely under a market-led approach may not address the operational needs of the current brownfield operators and facilitate relocation. In this regard, apart from considering leveraging market forces actively to develop MSBs, we are examining whether, and if so, how to introduce operational requirements for developers of the first batch of MSB sites regarding the industry mix, tenant mix and rental in the future premises, so that brownfield operators would later see it attractive to move in.

In this connection, the Government engaged a consultancy firm to launch a market sounding exercise in mid-2020. So far, the consultancy firm has substantially completed interviews with and collected market information from potential investors/related organisations. These included a number of companies and chambers of commerce in the logistics, construction, recycling, vehicle repair and related sectors, property developers, banks, as well as members of the Legislative Council. The consultancy firm is now making a detailed analysis of the information collected to ascertain the market interest in developing and operating MSBs for different industries under

different scenarios, and is expected to complete its report within this year. After considering the findings and assessments of the consultancy firm, and as the formation works for the first batch of MSB sites in HSK/HT NDA can be completed as early as by 2023, we expect that the development model for these MSB sites would be in shape within 2022.

(3) and (4) As brownfield operations are business initiatives, their search for working space is essentially a market behaviour. As applicable to similar situations affecting other business operators, the Government's policy is to make monetary compensation (i.e. statutory compensation as prescribed in the law, or ex-gratia allowances as an alternative) for eligible business operators to assist them in planning their own arrangements upon clearance. During clearance, the Government can offer assistance and facilitation in relation to planning and land matters for the affected business operators as far as possible, but we would not tailor-make any "one-on-one" re-provisioning arrangement for these affected brownfield businesses. In fact, in view of the scarcity of land now, it is impracticable, and is not achieving an optimal use of land resources, if the Government is expected to resume and redevelop brownfield sites for public housing or other uses, and to offer land at the same time for "one-on-one" re-provisioning for the affected brownfield operators.

As for the HSK/HT NDA, in addition to supporting brownfield operators through the various aforesaid measures, we are clearing relevant brownfields sites by phases to reduce the impact on those sectors. The first phase clearance will only involve about 10 ha of brownfield sites and is expected to commence progressively from the first quarter of this year. Relevant authorities are making close contact with and offering assistance for the affected operators as appropriate, including helping some obtain planning permissions for new working sites or seek advice from other government departments on potential sites for relocation.

Besides, the Lands Department (LandsD) is identifying vacant sites on government land suitable for open storage, workshops, etc., so that such sites may be let to affected brownfield operators by way of short-term tenancy through tender. The LandsD rolled out three pieces of government land in Yuen Long and Fanling last December for letting by way of short-term tenancy through tender to eligible brownfield operators affected by land resumption and clearance exercises before or in 2022 under relevant government development projects (Note). These three sites are suitable for a range of brownfield operations including storage, workshop, cargo handling, recyclables collection and fee-paying public car park uses. The LandsD will continue to identify suitable vacant sites to be let in this manner for the affected brownfield operators to bid.

In addition, these operators may consider moving their businesses to other places zoned "Open Storage" in the New Territories. The revised guidelines promulgated by the Town Planning Board in March last year set out the criteria for assessing planning applications for open storage and port back-up uses. This helps channel open storage and port back-up uses to more suitable locations.

At a macro planning level, we will continue to reserve land for consolidating brownfield operations in other major development projects, e.g. Lam Tei Quarry, New Territories North, and near-shore reclamation at Lung Kwu Tan.

(5) The Government has all along been making suitable arrangements and introducing measures to promote the development of our logistics industry. In the HSK/HT NDA, about 61 ha of land has been reserved for logistics facilities, port back-up, storage and workshop uses to complement the future positioning of the area as an economic hub with logistics and other special industries as among the major economic activities. In addition to the land designated for logistics facilities within the HSK/HT NDA, the Government is identifying suitable land for logistics uses in different areas of the territory. Since 2010, the Government has disposed of a total of four sites in Tsing Yi and Tuen Mun for logistics development. Besides, the tender of an industrial site at Fanling was awarded by the LandsD earlier this month, and its permissible uses include industrial, godown, cargo handling and forwarding facilities, etc.

Meanwhile, as mentioned in the Chief Executive's 2020 Policy Address, the Government plans to release by phases, starting from this year, two sites at Tsing Yi and Kwai Chung through public tender for developing port back-up and logistics facilities.

Note: The relevant government projects include First Phase Development of Kwu Tung North/Fanling North NDAs, First Phase Development of HSK/HT NDA, Public Housing Developments at Kam Tin South, and First Phase of Public Housing Development at Wang Chau.