

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Wednesday, February 26, 2020 is 107.4 (same as yesterday's index).

LCQ16: Vacant government sites managed by Lands Department

Following is a question by the Hon Chan Han-pan and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (February 26):

Question:

In April last year, the Development Bureau revealed that the Lands Department (LandsD) was managing 1 626 vacant government sites across the territory, covering a total of some 297 hectares (about 15.6 times of the size of Victoria Park). Among such sites, those located in Kowloon East were of the highest number (with a total of 83 sites covering 55.6 hectares in total area). Regarding the vacant government sites managed by LandsD, will the Government inform this Council:

(1) of the current number of those sites, and set out in Table 1 a breakdown of the number and the area of such sites by (i) the districts listed in Table 1 and (ii) the number of years for which the sites have been left vacant (as grouped in Table 1);

Table 1

[illegible]

(2) among the sites in (1), of the number of those for which long-term planning has been made (and, among such sites, the number of those zoned for residential development use), and set out in a table the (i) location, (ii) area, (iii) planned use and (iv) development timetable of each site;

(3) among the sites in (1), of the number of those suitable for transitional housing development, and set out in a table the (i) location, (ii) area, (iii) planned use and (iv) development timetable of each site;

(4) among the sites in (1), of the number of those suitable for temporary uses to be granted under short-term tenancies (STTs), and set out in a table a breakdown of the number and the area of such sites by the districts listed in Table 1;

(5) of the number of STT applications received in the past five years by the LandsD in respect of vacant government sites; among such applications, the number of those approved as well as the (i) location, (ii) area, (iii) temporary use and (iv) rent of each of the sites granted; if there were applications rejected, of the reasons for that; the average time taken for vetting and approval of an application; whether it will consider relaxing the eligibility requirements for making an application and streamlining the vetting and approval procedure, so as to avoid wasting land resources; and

(6) given that some non-governmental organisations (NGOs) have relayed that as the STTs of certain vacant sites require the tenants to bear the costs for advance works such as fire safety, repairs or slope stabilisation and it takes time to vet and approve applications for the relevant subsidies, NGOs are greatly discouraged from making applications for such STTs, whether the Government will consider completing the advance works for vacant sites before opening the sites for tenancy application by such NGOs; if so, of the details and timetable; if not, the reasons for that?

Reply:

President,

As at the end of December 2019, the Lands Department (LandsD) managed a total of 1 606 unleased government sites covering a total area of 391 hectares (ha) in Hong Kong. The majority of them were sites earmarked for long-term or permanent development; sites fenced off after land control action to prevent further unauthorised occupation; sites under processing for short-term or temporary uses; works sites returned by various works departments after completion of projects; and sites that were in transition between different uses.

As these sites have different backgrounds, coupled with the fact that some may not be suitable for or may only have a low potential for development due to their physical conditions and technical constraints (e.g. remote in location, oddly shaped, or small and piecemeal), we will not label them simply as idle sites with development potential. The LandsD compiles the above figures purely for keeping statistics on the unleased government sites

managed by the department, to reflect the work of the department in their management and general maintenance.

To optimise the utilisation of land resources, the LandsD will put the unleased sites pending development or those that may not be suitable for development into temporary or short-term gainful uses where practicable, including allocation to departments for government uses (e.g. temporary works sites), grants to private organisations by short-term tenancies (STT) for commercial uses (e.g. fee-paying public carparks, etc.), or putting up for application by non-governmental organisations (NGOs) or social enterprises for community, institutional or non-profit-making purposes.

My reply to the various parts of the Hon Chan's question is as follows:

(1) A breakdown by district of the number and area of the unleased government sites of which LandsD is responsible for management is tabulated as follows:

District Lands Office	Number of sites	Total Area (sq. m.)
Hong Kong East	50	136 334
Hong Kong West and South	143	537 678
Kowloon East	80	386 738
Kowloon West	48	122 185
Islands	103	989 592
North	324	486 862
Sai Kung	98	156 293
Sha Tin	124	153 231
Tuen Mun	83	273 890
Tai Po	81	79 788
Tsuen Wan and Kwai Tsing	119	99 642
Yuen Long	353	489 240
Total	1 606	3 911 473

Note: The LandsD does not keep statistics on the number of years for which the individual sites have been vacant.

(2) and (3) As explained above, these sites have different backgrounds, and some may not be suitable for development or may have lower development potential. Reviewing and utilising suitable unleased government land for development is an ongoing effort. At present, of the above 1 606 unleased government sites under the LandsD's management, technical assessments or other preparatory works are being conducted for about 77 sites (33 ha in total), with a view to gradually allocating suitable sites thereof for housing development in future. Upon completion of the necessary preparatory works, we will announce relevant details when appropriate and take forward

the housing development.

Regarding the search of potential sites for transitional housing, we have sought the latest update from the Transport and Housing Bureau (THB). The THB has identified about 10 government sites, nine of which are among the unleased government sites under the LandsD's management as mentioned above, for assessment to implement transitional housing projects. The Task Force on Transitional Housing under the THB is proactively engaging and facilitating community organisations to carry out feasibility studies and implement transitional housing on these sites. These sites are located in areas such as Kowloon East, Kowloon West, Tsuen Wan, Kwai Tsing, North district, Yuen Long, etc., covering a total area of about 7 ha. The THB would announce the details of individual projects when ready.

(4) District Lands Offices (DLOs) will decide whether individual sites could be considered for short-term uses having regard to factors such as their physical conditions and programme for long-term development. As short-term uses have wide-ranging types and take different forms, DLOs have to assess whether the sites are compatible with the proposed uses and duration when processing applications for short-term uses submitted by government departments or outside organisations.

For those sites considered suitable for disposal by open tender STT among the above unleased government sites managed by the LandsD, the department will follow up in a timely manner, and publish information of the sites soon to be put up for tender on its website (www.landsd.gov.hk/en/stt/forecast.htm). If individual bureaux or government departments intend to use the unleased government sites under the LandsD's management, the department will also process such applications according to the established procedures. Furthermore, the LandsD has uploaded the details of those unleased government sites under its management which are available for STT application by NGOs or social enterprises for community, institutional or non-profit-making uses (about 800 sites) onto the Government's GeoInfo Map website (www.map.gov.hk/gm/map/search/faci/_VGS?lg=en).

(5) Before 2018, the LandsD did not keep statistics on the STT applications by NGOs or social enterprises for vacant government sites for community, institutional or non-profit making purposes, and only recorded the number of grants of such STTs.

From April 2015 to the end of 2017, the LandsD granted a total of 14 STTs of vacant government sites to NGOs or social enterprises. From January 2018 to September 2019, the LandsD received a total of 62 applications, and granted 9 STTs within the same period (applications approved during the period might not have been submitted in the same period due to processing time required).

The sites granted under the aforesaid 23 STTs were located in various districts, namely Hong Kong West and South, Kowloon East, Kowloon West, North District, Sai Kung, Sha Tin, Tuen Mun, Yuen Long, as well as Tsuen Wan and Kwai Tsing, covering a total area of around 17 ha. The granted uses included

recreation, organic farming, arboriculture, rehabus parking spaces, storage and distribution of aiding food, etc. All such STTs were granted at nominal rent under the policy support from the relevant policy bureaux. Since the nature of the applications varied and the sites might come with various technical restrictions, the processing time required for each case could be different. The main reasons for rejecting applications included insufficient information, lack of policy support from the relevant policy bureaux, failure to fulfil the requirements of the relevant departments, etc.

In end-2017, to streamline the application procedures, the LandsD uploaded the details of the vacant government sites available for application by NGOs or social enterprises for community, institutional, or non-profit-making purposes onto the GeoInfo Map for their easy reference. Applicants need only to fill in the application form available on the LandsD's website and submit it to the relevant DLO.

(6) The Development Bureau launched a funding scheme in February 2019 to support NGOs to take forward one-off, basic, and essential restoration works on vacant government sites/school premises fit for community, institutional, or other non-profit-making use. Such works may include slope upgrading, site formation, erection of temporary structures (e.g. those using modular integrated construction methods), provision of sewerage/drainage or pedestrian/vehicular access, renovation of dilapidated premises, installation of fire safety equipment or barrier-free facilities, etc. The costs in relation to consultancy services commissioned to determine the technical feasibility or parameters of the proposed works may also be subsidised. Currently, eight NGOs have been granted the funding, and we would submit an annual progress report on the funding scheme to the Legislative Council's Panel on Development later.

Fixed-rate Mortgage Pilot Scheme

The following is issued on behalf of the Hong Kong Monetary Authority:

The Financial Secretary announces in the Budget today (February 26) that the Hong Kong Mortgage Corporation Limited (HKMC) will introduce a pilot scheme for fixed-rate mortgages for 10, 15 and 20 years. It aims to provide an alternative financing option to homebuyers for mitigating their risks arising from interest rate volatility, thereby enhancing banking stability in the long run.

The interest rates per annum of the fixed-rate mortgages under the pilot scheme are as follows:

	Interest rate (p.a.)
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10-year	2.75 per cent
15-year	2.85 per cent
20-year	2.95 per cent

The pilot scheme will be offered through banks. The maximum loan amount of each private residential mortgage is HK\$10 million. At the end of the fixed-rate period, the borrowers may either re-fix the mortgage rate under fixed-rate mortgages or convert the mortgage to a floating rate loan (Note 1). As the borrowers will be insulated from interest rate movement under the fixed-rate period which is 10 years or longer, the HKMC has obtained agreement from the Hong Kong Monetary Authority that they will not be required to meet the stress testing against interest rate rise, but the current debt-to-income ratio will still be applicable.

The pilot scheme is subject to an aggregate loan amount of HK\$1 billion and will be effective for six months starting from the date of receiving applications. Further announcement will be made on the participating banks and the date of receiving applications upon finalisation.

Note 1: The floating rate is Prime Rate minus 2.35 per cent.

Special 100 per cent Loan Guarantee under SME Financing Guarantee Scheme

The following is issued on behalf of the Hong Kong Monetary Authority:

The Financial Secretary announces in the Budget today (Feb 26) that the HKMC Insurance Limited (HKMCI) will introduce special 100 per cent Loan Guarantee under the SME Financing Guarantee Scheme (SFGS). The new measure aims to alleviate the burden of paying employee wages and rents by small and medium-sized enterprises (SMEs) which are suffering from reduced income, thereby help minimise enterprise shutting down and layoffs.

The loan guarantee is applicable to SMEs in all sectors, including those mostly affected by the coronavirus outbreak such as retail outlets, travel agents, restaurants, cinemas, karaoke establishments and transport operators, etc. The loans will be guaranteed by the Government, with a total loan amount of HK\$20 billion. Eligible enterprises should have been operating for at least three months as at end-December 2019, and have suffered at least a 30 per cent decline in sales turnover in any month since February 2020 compared with the monthly average of any quarter in 2019. The maximum amount of the loan per enterprise is the total amount of employee wages and rents for six months (Note), or HK\$2 million, whichever is lower. An interest rate

of the Prime Rate minus 2.5 per cent per annum (i.e. current interest rate at 2.75 per cent) will be charged. All guarantee fee will be waived. The maximum repayment period of a loan under the guarantee is 36 months, with an optional principal moratorium for the first six months, so as to lessen immediate repayment burden of the enterprises.

HKMCI is actively undertaking the preparatory work with the lending institutions, and strives to roll out the scheme within one month after the Government obtains approval of funding from the Finance Committee of the Legislative Council. The application period will last for six months starting from the launch of the scheme, and the date for receiving applications will be further announced upon finalisation. For public enquiries, please call the SFGS Hotline at 2536 0392.

Note: If an enterprise does not have either employee(s) or rented office(s), the calculation can be replaced by half of the maximum monthly net income in 2019.

LCQ22: Community Care Fund Digital Television Assistance Programme

Following is a question by the Hon Wu Chi-wai and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (February 26):

Question:

The authorities announced in February last year that after the switching off of the analogue television (TV) broadcasting (analogue switch-off) on November 30 this year, a total of 160 MHz of spectrum in the 600/700 MHz bands would be vacated. The authorities planned to make use of such spectrum for indoor mobile telecommunications services, and indicated that they would conduct frequency coordination with the Mainland authorities with a view to releasing more spectrums for outdoor deployment. In addition, the Commission on Poverty (CoP) approved in July last year the allocation of a funding of about \$450 million from the Community Care Fund for implementing a Community Care Fund Digital Television Assistance Programme (Assistance Programme), which would help about 160 000 analogue TV households in financial need to obtain digital TV sets or multi-function set-top boxes (STBs), so that they can continue to access local free TV programmes after the analogue switch-off. The authorities launched the Assistance Programme in mid-January this year and estimated that the number of beneficiary households would be about 80 000. This figure is smaller than the original estimate, but the authorities did not correspondingly lower the amount of funding allocation under the Assistance Programme. The Hong Kong Council of Social Service

(HKCSS) has been commissioned to implement the Programme. HKCSS has earlier appointed, through an open tender exercise, Hong Kong Telecommunications Limited as the contractor responsible for providing services such as procurement and on-site installation of equipment for the households. The contractor may identify the most suitable option for a beneficiary household and there is no requirement on the brands and specifications of the equipment. In this connection, will the Government inform this Council:

(1) as the authorities indicated that they would conduct public consultation on the use of the aforesaid vacated spectrum for indoor mobile telecommunications services, of the latest progress of the work in this respect; whether a decision has been made on the eventual use of such spectrum;

(2) of the latest progress of the work undertaken by the authorities for releasing more spectrums for outdoor deployment;

(3) given that the latest estimated number of beneficiary households under the Assistance Programme has substantially reduced by half as compared with the number in July last year, of the reasons for the authorities not correspondingly lowering the funding allocation for the Programme; the estimated balance of funding upon completion of the Programme;

(4) given that the Assistance Programme will help beneficiary households to obtain digital TV sets or multi-function STBs, whether the authorities have estimated the respective numbers of pieces of these two types of equipment to be provided for the households;

(5) of the respective estimated amounts of the following items of expenses for the Assistance Programme: (i) the administration fees charged by HKCSS, (ii) the fees charged by the contractor, (iii) the respective total expenses for purchasing digital TV sets and multi-function STBs and the unit costs of the various types of equipment, and (iv) other expenses;

(6) given that the estimated number of beneficiary households under the Assistance Programme has substantially reduced, how the estimated amounts of the various items of expenses mentioned in (5) compare with the funding allocation approved by CoP in July last year;

(7) of the respective numbers of applications received and approved under the Assistance Programme so far and, among them, the respective numbers of cases in which digital TV sets or multi-function STBs have been installed;

(8) of the actual expenses incurred so far on the various items mentioned in (5)(iii); the respective numbers of digital TV sets and multi-function STBs procured by the contractor, and the number of brands involved; and

(9) whether any guidelines are currently in place to regulate the procurement procedure adopted by the contractor (e.g. requiring the contractor to conduct open tender exercises in phases so as to avoid a surge in product prices due to increased demand)?

Reply:

President,

To tie in with the implementation of full digital television (TV) broadcast on December 1 this year, the Government has engaged the Hong Kong Council of Social Service (HKCSS) to launch the Community Care Fund Digital TV Assistance Programme (Assistance Programme) to help needy households who are still using analogue TV to purchase digital TV receivers.

Regarding the question of the Honourable Member, a consolidated reply is provided as follows:

(1) and (2) After the switching off of analogue TV services, the Government plans to vacate a maximum of 160 MHz of spectrum in the 600/700 MHz bands for the provision of mobile telecommunications services. The spectrum concerned can be used indoor to relieve the currently congested indoor mobile traffic hotspots (such as MTR stations). As to the 700 MHz band, at least 20 MHz of spectrum can be made available for the provision of outdoor mobile services. The Office of the Communications Authority (OFCA) will continue to co-ordinate with the Mainland authorities on the arrangements for the spectrum concerned. The target is to consult the public on the allocation and assignment of spectrum in the 600/700 MHz bands and the related arrangements within this year. Assignment of the relevant spectrum is expected to be completed next year.

(3) to (9) When the Government applied for funding from the Community Care Fund in July 2019 for implementing the Assistance Programme, the proposed funding ceiling was around \$450 million. The funding ceiling was made on the estimation of about 160 000 analogue TV households in need of assistance according to a survey conducted in 2017 and by making reference of the market prices of basic digital TV equipment at that time. The actual expenditure of the Assistance Programme is to be determined by the cost of digital TV receivers and relevant services as specified in the contract of the contractor as well as the total number of successful applying households. The unspent balance will be returned to the Community Care Fund.

According to the latest survey in end-2019, the number of analogue TV households in Hong Kong has dropped to around 100 000, representing about 45 per cent less than that in 2017. In this connection, the Government projected that there would be about 80 000 eligible households when it announced the details of the Assistance Programme in January 2020. Eligible households can choose either a set-top box, a 24-inch digital TV set or a 32-inch digital TV set. It is expected that the majority of households will choose digital TV sets.

According to the information available, the HKCSS has recently projected that the estimated expenditure of the entire Assistance Programme should be less than \$200 million, with the administrative fee estimated to be less than \$20 million. The administrative fee includes the administrative expenses of

setting up a dedicated programme secretariat by the HKCSS and the 100 social service units helping to implement the Assistance Programme, setting up of computer system, telephone enquiry hotline, publication of application forms and related promotional materials, and other operating expenses. The HKCSS will obtain funding for its actual expenses on an accountable and reimbursement basis.

The HKCSS selected the contractor of the Assistance Programme through an open tender procedure. The responsible contractor is required to provide digital TV receivers that meet the technical requirements and relevant services as specified in the contract. The actual expenditure is calculated against the number of applying households and their choices of digital TV receivers. According to the contract, the prices of the digital TV receivers provided by the contractor must not be changed because of an increase (or decrease) in demand. The tender price of a contractor is commercial information and non-disclosable.

The Assistance Programme is open for applications from January 14 this year. As at February 21, the HKCSS received over 3 800 applications. More than 1 300 approved applying households have their digital TV receivers successfully installed, involving one digital TV brand and one digital set-top box brand.