

Coin Collection Programme

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

The Hong Kong Monetary Authority (HKMA) today (January 15) announces a new service schedule of the two Coin Carts under the Coin Collection Programme, for the period of February 10 up to April 12. The schedule and other details of the Programme are shown on the HKMA webpage (coincollection.hkma.gov.hk).

Since the launch of the Programme in October 2014, the two Coin Carts have completed 28 cycles of serving the 18 districts on December 1, 2019. The Carts had carried out 672 000 transactions, collecting 544 million coins with a total face value of HK\$ 785 million during the period. The collected coins are re-circulated to meet demand.

The Coin Carts provide service at locations that are convenient to the public without affecting the normal flow of traffic and pedestrians. Locations that have suitable power supply facilities, such as the Leisure and Cultural Services Department mobile library service locations, are preferred so as to reduce the need for using the Coin Carts' own stand-by generators. This makes the Programme more environmentally friendly. In selecting the service locations, the HKMA has taken into consideration comments and suggestions given by district councils and members of public; and has consulted the Transport Department and the Hong Kong Police Force as necessary.

The two Coin Carts collect coins from members of public in the 18 districts of Hong Kong on a rotating basis. Under normal circumstances each Coin Cart will stay at a location for a week, subject to availability of the parking space and the maintenance schedule of the Cart. Service hours are from 10am to 7pm. Each vehicle is equipped with two coin counting machines and operational staff will be present to provide assistance. An electrical wheelchair lift is available for use. Users can choose to exchange coins for banknotes or adding value to their stored value facilities, such as Octopus Cards or e-wallets (including AlipayHK, Octopus 0! ePay, Tap&Go, TNG Wallet and WeChat Pay). There is also a Community Chest donation box inside each vehicle. The coin collection service is free of charge.

The HKMA will review the Programme from time and time; and will regularly update the service schedule to give advance notice to the public.

LCQ5: Public Transport Fare Subsidy Scheme

Following is a question by the Hon Chan Han-pan and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (January 15):

Question:

On January 1 last year, the Government launched the Public Transport Fare Subsidy Scheme. The amount of monthly subsidy was set at one fourth of the actual public transport expenses after deducting the first \$400, subject to a cap of \$300 (the former Scheme). On January 1 this year, the Government enhanced the Scheme by raising the subsidy rate and the cap to one third and \$400 respectively, but no change was made to the aforesaid \$400 threshold for subsidy collection (the new Scheme). In this connection, will the Government inform this Council:

(1) of the following details of the former Scheme (set out monthly figures in a table): a breakdown on the number of people who collected the subsidies by the group to which the subsidy amounts belong (each group spanning \$50) and the percentages concerned, the average amount of subsidy per person, as well as the number of people who had not collected the subsidies upon expiry of the time limit for collection and the total amount involved; whether it has compiled statistics on the number of people whose monthly public transport expenses last year ranged from \$200 to less than \$300 and from \$300 to less than \$400; if so, set out the relevant figures in a table; if not, of the reasons for that;

(2) whether it has calculated the increase in expenditure of the former Scheme and the anticipated increase in expenditure to be incurred by the new Scheme this year, should the threshold be lowered to \$200; and

(3) given that in the first three months from the launch of the former Scheme, the percentage of the number of people granted with a monthly subsidy ranging from \$200 to \$300 in the total number of people who benefitted from the Scheme was less than 10 per cent, whether the Government had taken such situation into account in determining the threshold, subsidy rate and subsidy cap of the new Scheme; given that the economy of Hong Kong has currently slid into recession, whether the Government will consider lowering the threshold and extending the scope of the new Scheme to cover all red minibus and Kaito routes; if so, of the timetable and the details; if not, the reasons for that?

Reply:

President,

The Government launched the non-means tested Public Transport Fare

Subsidy Scheme (the Scheme) on January 1, 2019 to relieve the fare burden of the commuters who travel on local public transport services for daily commuting and whose public transport expenses are relatively high. The Scheme covers the Mass Transit Railway (MTR), franchised buses, green minibuses (GMBs), ferries and trams, as well as designated routes of red minibuses (RMBs), Kaitos and non-franchised buses providing residents' services (RS) or employees' services (ES) approved by the Transport Department (TD). To further alleviate commuters' fare burden arising from increasing public transport expenses, the Government has enhanced the Scheme from January 1, 2020 by increasing the subsidy rate of the Scheme from one-fourth to one-third of the monthly public transport expenses in excess of \$400 as well as raising the subsidy cap from \$300 to \$400 per month. The level of monthly public transport expenses is maintained at \$400. My consolidated reply to the Hon Chan Han-pan's question is as follows:

In the first year of the implementation of the Scheme, the monthly average subsidy amount was \$160 million, involving an average of 2.2 million beneficiaries per month. The average amount of monthly subsidy per beneficiary was about \$73. The detailed breakdown is at Annex 1. An average of around 1.59 million beneficiaries were entitled to a monthly subsidy amount at \$100 or less; around 0.44 million beneficiaries were entitled to a monthly subsidy amount between \$100.1 and \$200; and around 0.12 million beneficiaries were entitled to a monthly subsidy amount between \$200.1 and \$300. The detailed breakdown is at Annex 2. As for the expired subsidy, as at December 15, 2019, i.e. the last day for collection of the subsidy for August 2019, an average of around 15 per cent of the beneficiaries have not collected their subsidy within the three-month collection period, involving less than 10 per cent of the total monthly subsidy amount. The detailed breakdown is at Annex 3.

From January to December 2019, the average number of commuters with a monthly public transport expenses of \$200.1-\$300 was around 0.95 million, and that with a monthly public expenses of \$300.1-\$400 was around 0.69 million. The detailed breakdown is at Annex 4.

If the level of public transport expenses of the Scheme were to be lowered to \$200, both the annual subsidy amount of the original Scheme and the estimated annual subsidy amount of the enhanced Scheme would increase by about 90 per cent. The annual subsidy amount will increase from around \$2.3 billion to around \$4.3 billion based on the design of the original Scheme; while that based on the design of the enhanced Scheme will increase from around \$3.1 billion to around \$5.8 billion.

As aforementioned, the policy objective of the Scheme is to alleviate the fare burden of commuters whose public transport expenses are relatively high. Generally speaking, this group of commuters live in relatively remote areas and their public transport expenses of travelling to and from work are relatively high. Given so, the Government believes that setting the level of public transport expenses at \$400 is a reasonable arrangement. In fact, the monthly average number of beneficiaries of the Scheme in its first year of implementation was around 2.2 million which was similar to the Government's estimate back then.

In addition, on the premise of fiscal prudence, the Government has to ensure that the public funds are properly used under the Scheme, and that the Scheme could effectively alleviate the fare burden of the targeted commuters whose public transport expenses are relatively high. Hence, the Government has to take into account all factors, in particular policy objective, when considering any proposal to adjust the Scheme's level of public transport expenses, subsidy rate or subsidy cap.

The Government believes that the current local economic situation has not impacted much on the Scheme and the number of beneficiaries. Hence, the stipulation of the level of public transport expenses of the Scheme is appropriate.

As at December 31, 2019, the TD has approved a total of 17 RMB routes and 10 Kaito routes for joining the Scheme. Since the operation modes of RMBs and Kaitos are relatively flexible and their fares do not require the TD's approval, the TD has to adopt a risk-based monitoring approach when processing the applications from the operators of these two modes of public transport services to ensure the prudent use of public funds.

The TD has been encouraging the operators, which have fulfilled the basic requirements and undertaken to comply with the prescribed operational requirements, to join the Scheme. The Octopus Cards Limited has also been offering special concessions to operators, which apply for joining the Scheme for the first time and use the Octopus payment system, to procure relevant devices and services. These notwithstanding, it would be individual operator's business decision to join the Scheme. With a view to encouraging more operators to join the Scheme, the TD will continue to liaise closely and provide necessary assistance as appropriate.

Since the beginning of this year, the Government has increased the subsidy rate of the Scheme from one-fourth to one-third of the monthly public transport expenses exceeding \$400, and kick-started the review of the Scheme to examine its overall operation as well as other operational arrangements, including exploring ways to incorporate suitable electronic payment systems into the Scheme. The review is expected to complete in the fourth quarter of 2020.

Interest rate of first interest payment for Silver Bond Series due 2022

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

The Hong Kong Monetary Authority (HKMA), as representative of the Hong Kong Special Administrative Region Government (HKSAR Government), announces today (January 15) the relevant per annum interest rate for the first interest payment of Silver Bond Series due 2022 (issue number: 03GB2207R) (the Bonds) issued under the Retail Bond Issuance Programme of the Government Bond Programme.

According to the Issue Circular dated July 4, 2019 for the Bonds, the first interest payment of the Bonds is scheduled to be made on January 29, 2020, and the relevant interest rate is scheduled to be determined and announced on January 15, 2020 as the higher of the prevailing Floating Rate and Fixed Rate.

On January 15, 2020, the Floating Rate and Fixed Rate are as follows:

Floating Rate: +3.23 per cent (Annex)

Fixed Rate: +3.00 per cent

Based on the Floating Rate and Fixed Rate set out above, the relevant interest rate for the first interest payment is determined and announced as 3.23 per cent per annum.

Postal services to Indonesia return to normal

Hongkong Post announced today (January 15) that, as advised by the postal administration of Indonesia, mail delivery services (including Speedpost) to the areas with postcodes of 10XXX, 11XXX, 12XXX, 13XXX, 14XXX, 15XXX, 160XX, 164XX, 170XX and 405XX have returned to normal.

LCQ4: Operations on brownfield sites

Following is a question by the Hon Lo Wai-kwok and a reply by the Acting Secretary for Development, Mr Liu Chun-san, in the Legislative Council today (Jan 15):

Question:

A report of the Study on Existing Profile and Operations of Brownfield

Sites in the New Territories, published by the Planning Department in November last year, pointed out that there were 7 373 active brownfield sites throughout the territory, involving an area of around 1 414 hectares and providing about 52 000 jobs. The authorities have indicated that they would assist brownfield operators affected by government development projects to identify alternative sites for reprovisioning of their business, including reserving, in major development projects, sites suitable for the development of multi-storey buildings (MSBs) or open-air sites for reprovisioning of such brownfield operations. In this connection, will the Government inform this Council:

(1) whether it has assessed if the reserved sites suitable for the development of MSBs would be sufficient for accommodating the brownfield operations concerned, and whether it has reserved sufficient open-air sites for accommodating those brownfield operations which cannot be reprovisioned in MSBs, in particular those indispensable operations (e.g. storage of construction materials or large construction machinery); if so, of the details; if not, the reasons for that;

(2) whether it has assessed the number of brownfield operations that will be forced to close down upon resumption of the relevant brownfield sites by the Government; if so, of the details and the industries involved; if not, the reasons for that; and

(3) whether it has, having regard to the findings in the aforesaid report, carried out detailed planning for the consolidation of brownfield operations; if so, of the details; if not, the reasons for that?

Reply:

President,

Utilising brownfield sites for higher-density housing or developments can unlock the development potential of land in the New Territories. However, as 90 per cent of brownfield sites are used for economic activities supporting different industries, brownfield operations have to be properly tackled in the course of pursuing developments on brownfield sites.

According to the Government's prevailing policy, eligible brownfield operators affected by clearances under the Government's development programmes may receive ex-gratia allowances, or make statutory claims for compensation. The Finance Committee approved in July 2018 an arrangement which significantly enhances ex-gratia compensation for affected brownfield operators.

As brownfield operations are business initiatives, their search for operating space is a market behaviour. As in the situations of other affected business operators, the Government's fundamental policy is to provide monetary compensation for eligible business operators to assist them in making their own arrangements upon clearances, instead of providing "one-on-one" re-provisioning arrangements for the affected business operations. In

fact, given the land scarcity, it is unrealistic to expect the Government to offer "one-on-one" re-provisioning in the course of pursuing developments on brownfield sites.

That said, at a macro planning level, the Government is reserving land or floor space to support the sustainable development of relevant industries, including brownfield operations which are in demand in our economy but need to relocate. In addition to the land respectively reserved in Hung Shui Kiu / Ha Tsuen (HSK/HT) and Yuen Long South (YLS) New Development Areas (NDAs) of 61 and 11 hectares for logistics facilities, port back-up, storage and workshops, we will continue to identify large land parcels with good accessibility and infrastructure in major development projects to provide space for brownfield operations. In this connection, we will brief the Panel on Development on the Lung Kwu Tan near-shore reclamation project on January 20. The recommendations also include supplying land for concentrated, orderly, and more land-use-efficient accommodation for brownfield operations.

My reply to the various parts of the question raised by the Hon Lo Wai-
kwok is as follows:

(1) According to the Study on Existing Profile and Operations of Brownfield Sites in the New Territories (Brownfield Study) promulgated earlier by the Planning Department (PlanD), 63 per cent of brownfield operation respondents said they would find alternative sites to continue operation upon clearances. 43 per cent of the respondents said that they saw the need to operate in open-air sites. In this regard, most of the 72 hectares of land reserved in HSK/HT and YLS NDAs will be used for development of multi-storey buildings (MSBs), and the remaining area may be used for open storage. As the plot ratio of the land used to develop MSBs range from 5 to 7, it will help compensate for the reduction in industrial floor space due to development of brownfield sites.

Apart from the open storage land reserved in the NDAs, affected brownfield operators who are unable to relocate their businesses to MSBs may also consider other areas zoned "Open Storage" in the New Territories (Note 1). In addition, if the site identified for relocation is under another zoning, the affected brownfield operators may submit a planning application to the Town Planning Board (TPB). The Development Bureau will co-ordinate relevant departments in advising the applicants from the planning and land perspectives and help expedite processing of applications by the TPB in accordance with the Planning Guidelines No. 13E (Note 2). The PlanD is reviewing the "Planning Guidelines No. 13E" with reference to the results of the Brownfield Study, and is seeing how to guide the relevant industries to operate in suitable sites to avoid proliferation of brownfield operations.

(2) According to the Brownfield Study, 10 per cent of the brownfield operator respondents said that they would terminate their businesses upon clearance.

Brownfield sites within various NDA projects are accommodating different industrial operations, which have been relying on the low rent for years. Consolidating these operations into MSBs will drive up the rental

costs of operators, posing pressure on traditional or lower-margin industries which may even be phased out. Development and operation of MSBs under a market-led approach may not, on its own, address the needs of all brownfield industries. Therefore, when considering leveraging the use of market forces to develop MSBs, we will also study whether and how to introduce appropriate conditions, such as land user restriction, tenant selection and rental requirements, to ensure that the commissioned MSBs can cater for the actual operation of brownfield industries in future. To this end, Government will launch a market sounding exercise shortly to ascertain the market interest towards developing and operating MSBs for key brownfield businesses under different scenarios involving different contractual requirements and tender conditions. We hope to brief the Panel on Development by mid-2020 on the findings and way forward.

(3) In sum, we are following three main directions in the work of land use planning to consolidate brownfield operations. First, we will continue our land use reviews and implement the planned use after rezoning. This will include spearheading the NDA projects in full steam. Apart from meeting housing needs, the newly developed land can also supply large land parcels for consolidating brownfield operations in a more land-use-efficient manner. In addition, we will continue to reserve land for brownfield operations in other major development projects, such as Lam Tei Quarry, the New Territories North NDA, and Lung Kwu Tan near-shore reclamation just mentioned.

Second, we will formulate the development and operation models of MSBs with reference to the results of the marketing sounding exercise and the operational needs of the related industries, so that brownfield operators may re-establish their businesses in MSBs in future and enhance the land-use efficiency.

Third, as mentioned above, the PlanD is reviewing the "Planning Guidelines No. 13E" to consider how to channel brownfield operations to more appropriate locations if they are unable to move into MSBs.

Thank you, President.

Note 1: Excluding those "Open Storage" sites within HSK/HT, YLS and New Territories North NDAs projects, there are still 171 hectares of "Open Storage" sites in other areas of the New Territories.

Note 2: The full name of the Planning Guidelines is "Town Planning Board Guidelines for Application for Open Storage and Port Back-up Uses under Section 16 of the Town Planning Ordinance".