

LCQ2: Housing problem

Following is a question by the Hon Shiu Ka-fai and a reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (June 2):

Question:

Some members of the community have indicated that after improving the electoral system, the Government may focus on developing the economy, improving people's livelihood and, in particular, resolving the long-standing and deep-seated problems in Hong Kong such as housing problem. However, quite a number of comments have pointed out that land planning work and housing projects have still been progressing at a slow pace. In this connection, will the Government inform this Council:

(1) of the procedures to be gone through currently regarding a housing site from land identification to planning and consultation, and then from the site as a piece of "primitive land" to its being transformed into a "spade-ready site" and, regarding the implementation of a housing project on the spade-ready site, from the commencement of works to completion, as well as the time taken in general to complete each procedure; whether it knows how such procedures and the time taken respectively compare with those in advanced countries;

(2) as there is a proposal that the Government may explore the construction of housing units on the periphery of country parks to increase land and housing supply, whether the Government will conduct a study on the proposal; if so, of the details; if not, the reasons for that; and

(3) whether it has assessed the deep-seated reasons why the housing problem remains unresolved for a long time, and what new solutions are available?

Reply:

President,

The current-term Government has since long adopted a multi-pronged strategy to strive to develop land. In particular, it announced in early 2019 its full acceptance of the recommendations set out in the report of the Task Force on Land Supply (TFLS) and is taking forward in full swing the eight land supply options recommended for priority studies and implementation.

After consulting the Transport and Housing Bureau (THB), my reply to the various parts of the question is as follows:

(1) At present, it usually takes at least six years to transform a piece of "primitive land" (i.e. land without concrete development plan) into a "spade-ready site" (i.e. land ready for commencement of works). To take the example of rezoning a single land parcel for the development of public housing, the first step is to conduct a technical feasibility study to assess the impact

on transport, environment, etc, which takes around two years. Rezoning will then proceed under the Town Planning Ordinance (Cap. 131) (the Ordinance) (normally requiring 11 months in accordance with the Ordinance), followed by detailed engineering and architectural designs (normally requiring 18 to 24 months), and the gazettal of land resumption and works area under the Lands Resumption Ordinance (Cap. 124) and other ordinances as well as the handling of objections if any private lot is involved. When the detailed studies and estimated expenditures are ready, the Government will seek funding approval from the Legislative Council (LegCo) for the works and if approved, the land resumption procedures will commence and rehousing compensation will be arranged for the affected tenants or operators. Afterwards, the land will be cleared for site formation and infrastructural works, which would take around two to three years (depending on site conditions). Some of the above processes will be conducted in parallel and they altogether take around six years or more to complete, while the building of flats requires at least around four to five years.

Given the differences in legal and administrative systems, as well as in public sentiments, it is not appropriate to make direct comparison between the development timeframe in Hong Kong and that in other places.

(2) The development of the periphery of country parks is one of the 18 land supply options put forward by the TFLS during the public consultation in 2018. After extensive consultation with different sectors in the community, the TFLS considered that the option failed to garner majority support from the general public and did not include it as one of the recommended options for priority studies and implementation in the report submitted to the Government in December 2018. This option was also not included in the land supply strategy announced by the Government in February 2019. The Government will continue to focus its resources on taking forward in full steam the various land supply measures announced, including the eight priority options as recommended by the TFLS, and there is no plan to restart the study on developing the periphery of country parks for now.

(3) The housing problem of Hong Kong can be attributed to various complex factors. As an open economy, Hong Kong is susceptible to external factors, and asset prices have remained high due to persistent ultra-low interest rates. Also, there had been a lack of progress in Hong Kong's land creation work for a period of time in the past. The current-term Government has spared no efforts in increasing land supply since taking office, and its work in the recent years is starting to bear fruit. To take land resumption as an example, in just 2019-20 and 2020-21, the Government has resumed around 90 hectares of land, which is much more than the 20 ha resumed over the immediate past five years. Looking ahead, about 700 ha of land will be resumed from 2021-22. In addition, various large-scale land supply projects are being launched successively. We are actively taking forward the studies related to the artificial islands in the Central Waters, which are expected to commence this month and take about three and a half years to complete. Subject to the findings of the studies, we expect that the first phase of the reclamation works for the development of the Kau Yi Chau Artificial Islands will commence in 2027. Another large-scale land creation project is the New

Territories North (NTN) Development. We have previously consulted the LegCo Panel on Development on the planning and engineering study of the NTN Development, and will submit it to the Public Works Subcommittee shortly. We hope that one of the essential projects of the NTN Development, i.e. the construction of the San Tin/Lok Ma Chau Development Node, will start in 2025.

Besides, the Steering Group on Streamlining Development Control of the Development Bureau (DEVB) will identify room, if any, for further expediting or streamlining the development processes. This includes the review of statutory procedures, such as the timeframe for processing development applications and the handling of representations according to existing legislation, etc. We have also endeavoured to expedite the creation of land while pressing ahead with individual projects. For example, we applied the latest engineering technology of "Deep Cement Mixing" method in the reclamation works for the Tung Chung New Town development, taking only 27 months to deliver the first parcel of land with an area of around 7 ha. We expect that about 10 000 public housing units can be provided in 2024 at the soonest.

The DEVB also set up the Development Projects Facilitation Office in December 2020 to facilitate the processing of development approval applications for private residential developments capable of providing 500 flats or more, with a view to ensuring effective processing of development applications.

As for public housing, Government departments will, in collaboration with the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society, explore ways to expedite the development process and optimise the development potential of each and every public housing site. For example, where feasible, we will suitably relax the development restrictions of the sites, or enlarge and/or amalgamate sites in order to create larger site area with a view to increasing the housing production.

In recent years, the HA has implemented a series of concrete measures to increase the supply of public housing, including clearing the Shek Lei Interim Housing for public housing development and redeveloping its individual factory estates for housing purpose. In order to expedite the construction time while ensuring site safety and the construction quality, the HA will continue to improve its construction technologies and work flow, adopt prefabricated technologies and facilitate the use of other innovative construction methods, such as the use of Modular Integrated Construction, with a view to further enhancing productivity.

In addition, the Government has been actively taking forward and facilitating the transitional housing project implemented by non-governmental organisations with a view to providing 15 000 transitional housing units by 2022-23 to alleviate the hardship faced by families living in inadequate housing while waiting for the public rental housing for a long time.

After taking office, the Chief Executive has immediately indicated clearly that housing is not a simple commodity and that our community has a rightful expectation towards the Government to provide adequate housing. This

is fundamental to social harmony and stability. The Government will continue to strengthen its efforts in land creation and housing construction, and will take increasing and expediting housing supply as the foremost objective.

LCQ5: Re-industrialisation in Hong Kong

Following is a question by the Hon Holden Chow and a reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (June 2):

Question:

The Government put forth the re-industrialisation initiative in the 2016 Policy Address, with the aim of revitalising traditional industries using new technologies and developing emerging industries. In this connection, will the Government inform this Council:

(1) whether it had, in developing the re-industrialisation initiative, considered following the practice of Singapore to set a target on the share of the manufacturing industry in the gross domestic product;

(2) as the Government has indicated that its industrial support policy aims at creating an environment conducive to industrial development instead of determining the pace or specific direction of industrial development, yet quite a number of economies have a clear development direction under the concept of re-industrialisation, whether the Government will, when promoting re-industrialisation, be more proactive in spearheading the development of industries and act not just as a facilitator; and

(3) apart from launching the Re-industrialisation Funding Scheme and the Re-industrialisation and Technology Training Programme as well as developing the Advanced Manufacturing Centre, what measures the Government has put in place to encourage traditional industries to gradually move towards smart production, and whether it will introduce new measures to encourage re-industrialisation, such as providing more tax concessions for research and development expenditures and capital investment, increasing the supply of industrial sites, and strengthening the training for relevant technical staff?

Reply:

President,

The Government has been actively promoting re-industrialisation and

developing advanced manufacturing, which is less land or labour-intensive, based on new technologies and smart production. With Hong Kong's strong capabilities in research and development (R&D) and advantages of internationalisation and marketisation, the promotion of re-industrialisation is conducive to further stimulating the demand for R&D, providing new impetus for economic growth and creating quality employment opportunities. The focus of promoting re-industrialisation is not to revitalise traditional industries, but to enhance the competitiveness of the manufacturing industry in Hong Kong through innovative technologies, having regard to our relative advantages. The Government set up the Committee on Innovation, Technology and Re-industrialisation chaired by the Financial Secretary in April 2017, which advises the Government on matters related to the promotion of innovation and technology (I&T) development and re-industrialisation in Hong Kong. In addition, we report the progress of work in various areas to the Panel on Commerce and Industry of the Legislative Council from time to time.

Our consolidated reply to the various parts of the Hon Chow's question is as follows:

The Innovation and Technology Bureau, established in 2015, adopted the key performance indicators (KPIs) proposed by the Advisory Committee on Innovation and Technology in 2017, which comprises members from the higher education, I&T and industry sectors, to foster the creation of a thriving I&T ecosystem. Among them, our target for the KPI on the manufacturing sector's contribution to Gross Domestic Product (GDP) is to reverse its declining trend. Subsequently, the Government has been working towards this goal and promoting re-industrialisation in five areas, namely infrastructure, talent, capital, technology and scientific research.

On infrastructure, the Hong Kong Science and Technology Parks Corporation has been developing and providing plenty of specially designed space and facilities in the industrial estates (IEs) over the past few years, with a view to fostering high-tech smart production. They include:

- the Precision Manufacturing Centre, which was converted from a factory in the Tai Po IE in 2017. It is fully occupied at present, and the companies that have settled down consist of industries such as precision engineering and assembly, manufacturing of new materials, eco-friendly yarns, etc.;
- another building, a centre for manufacturing medical products in the Tai Po IE. It is also expected to be completed within this year;
- the Advanced Manufacturing Centre, which is also being constructed in the Tseung Kwan O IE. Upon completion next year, it will provide companies of different scales with scalable, efficient and serviced manufacturing space, and assist them in embarking on technological

innovation and high value-added production with the application of advanced manufacturing processes; and

- the Microelectronics Centre in the Yuen Long IE, which is expected to be completed in 2023. It attracts manufacturers of microelectronic products and related industries.

On talent, the Government launched the Re-industrialisation and Technology Training Programme (RTTP) in 2018, which funds local enterprises on a 2 (Government) : 1 (Enterprise) matching basis for their staff to receive training in advanced technologies, especially those related to Industry 4.0. As at the end of April this year, the RTTP has approved nearly 1 300 applications for registering public courses and provided over 5 400 training sessions in advanced technologies with total funding exceeding \$35 million.

On capital, the Government launched the Re-industrialisation Funding Scheme in 2020, which subsidises manufacturers, on a 1 (Government) : 2 (Company) matching basis, to set up new smart production lines in Hong Kong. The funding for each project is capped at \$15 million. As at the end of April this year, we have received 15 applications. The Vetting Committee has agreed in principle to support nine applications, with the remaining four being processed.

On technology, the Hong Kong Productivity Council (HKPC) is fully committed to assisting enterprises in moving towards high value-added production and gradually upgrading to Industry 4.0. The HKPC established The Hatch in collaboration with the pioneer of Industry 4.0 worldwide – the Fraunhofer Institute for Production Technology of Germany – to assist the industry in accelerating the adoption of technologies related to Industry 4.0. Meanwhile, the HKPC has been implementing the Industry 4.0 Upgrade and Recognition Programme to assist enterprises in setting up smart production lines, and organising a wide range of training programmes and seminars to encourage the industry to leverage I&T.

On scientific research, the five R&D centres established by the Government will also continue to work on applied R&D related to re-industrialisation in close collaboration with the industry, thereby fostering the commercialisation of R&D outcomes. In addition, the Government has been providing a series of financial support to encourage R&D, including amending the Inland Revenue Ordinance so as to provide a two-tiered enhanced tax deduction regime for expenditure on qualifying R&D activities incurred by enterprises. The claims for tax deduction on R&D expenditure for the year of assessment 2019/20 amounted to about \$3.2 billion, which is over a double of the amount in the year of assessment 2017/18, prior to the implementation of the measure. Moreover, many schemes under the Innovation and Technology Fund provide vigorous support for R&D centres, universities, other designated public R&D organisations and private companies to carry out R&D work.

Although it may take some time for the above initiatives to show visible

results completely, we notice that the trend on the manufacturing sector's contribution to GDP has remained horizontal and largely stable in recent years, as opposed to the continuous decline in the past two decades or so. Many entrepreneurs have also expressed interests in investing in smart production, and friends from the industry have been proactively upgrading their existing production lines towards Industry 4.0. These momentums demonstrate that our work in promoting re-industrialisation is on the right track, and the achievements have gradually emerged. Despite the fact that circumstances such as the COVID-19 epidemic in the past year or so have more or less affected our work in promoting I&T and re-industrialisation, the optimism and support from the industry have fully recognised the Government's determination in promoting I&T and re-industrialisation. We are therefore confident about the future of I&T development.

The National 14th Five-Year Plan and the development of the Greater Bay Area provide Hong Kong with endless opportunities. We will continue to work in close collaboration with the industry, the academia and research institutes, proactively integrate Hong Kong into national development, and enhance our work in promoting I&T and re-industrialisation. In the long run, the Government remains open to the suggestion of drawing up a target for the manufacturing sector's contribution to GDP, and will look into further support measures that are applicable to the actual situation in Hong Kong. We will also consult other relevant stakeholders on this front as appropriate.

Thank you, President.

[Police Operational Base at Heung Yuen Wai opens \(with photos\)](#)

The Police held an opening ceremony for its Operational Base at Heung Yuen Wai Boundary Control Point (BCP) today (June 2).

Speaking at the opening ceremony, the Commissioner of Police, Mr Tang Ping-keung, noted that the new BCP was the first to adopt the design principle of "direct access to people and vehicles" which brought greater convenience to people. In order to meet the policing challenges arising from the new BCP, the Force established the Heung Yuen Wai Operational Base and the Heung Yuen Wai Boundary Control Point Unit, which operates round-the-clock to maintain the order of the BCP and take charge of the operation of the Police Reporting Centre at the Passenger Terminal Building and the Enhanced Under Vehicle Surveillance System.

Mr Tang said that the BCP has been operating efficiently since the commissioning of its cargo clearance facilities in August 2020. He added that the Force is well-prepared for the commissioning of the passenger facilities. He hoped that the passenger facilities would soon enter service when the

epidemic was over, fostering closer communication among residents in the Guangdong-Hong Kong-Macao Greater Bay Area.



LCQ4: New norm of tourism industry

Following is a question by the Hon Yiu Si-wing and a reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (June 2):

Question:

It has been reported that the Chief Executive Officer of the International Air Transport Association indicated in April this year that no trend of recovery could be seen in the international tourism market for the moment. There are comments that various countries are opening up their borders only to those international travellers who have been vaccinated against the Coronavirus Disease 2019 and have obtained a negative result of virus testing, and such practice will become a new norm of the tourism industry. In this connection, will the Government inform this Council:

(1) given that the Development Blueprint for Hong Kong's Tourism Industry promulgated in 2017 formulated the short, medium and long term tourism initiatives and measures for the coming five years, whether the Government will update the Blueprint in the light of the blow dealt by the epidemic, so as to help members of the tourism industry to prepare adequately for the new norm of the industry and seize the opportunities; if so, of the details; if not, the reasons for that;

(2) whether it has assessed the long-term impacts of the epidemic on the cross-boundary sea, land and air transport as well as the tourism, hotel and retail industries, and the difficulties that such industries will face in the coming few years under the new norm of the tourism industry; if it has

assessed, of the details; if not, the reasons for that; and

(3) whether it has formulated measures to provide appropriate support for members of the tourism industry under the new norm of the industry; if so, of the details; if not, the reasons for that?

Reply:

President,

Affected by the COVID-19 epidemic, cross-border / boundary travel around the world has been grounded to a halt, which consequentially dealt a heavy blow to tourism and other related industries such as cross-border / boundary transportation, hotel, and retail industries. Over the past year, there were only about 200 visitor arrivals per day on average, much lower than the level before which has 150 000 visitor arrivals per day.

In order to assist the travel trades in tiding over this challenging time, the Government has implemented various measures through the Anti-epidemic Fund (AEF) and other different channels and increase the funding commitment of the Travel Agents Incentive Scheme and the Green Lifestyle Local Tour Incentive Scheme (GLIS). The cumulative commitment for supporting the trade, which accounts for about \$2.6 billion in total, has generally assisted over 1 700 travel agents, around 21 000 practitioners including travel agent staff, tourist guides, tour escorts, and drivers of tour service coaches, as well as 2 100 guesthouses, hotels, and the cruise industry. Recently, noting that some practitioners may not have jobs at the moment, the Government has also provided over 1 700 short term jobs for practitioners in the travel trade to assist at the community vaccination centres.

In consultation with the relevant policy bureaux, my reply to the three parts of the question raised by the Hon Yiu Si-wing is as follows:

(1) The Government promulgated the Development Blueprint for Hong Kong's Tourism Industry (Development Blueprint) in October 2017 with a view to strengthening the competitiveness of Hong Kong as a major tourist destination in the region. The Development Blueprint sets out some development strategies and various measures in the short, medium to long term. The directions set out in the Development Blueprint have certain roles to play in the tourism development of Hong Kong in the medium to long term and still remain meaningful for the post epidemic recovery. Yet, in view of the blow caused on the tourism industry by the epidemic, we have made adjustment under the framework of the Development Blueprint, such as strengthening the work on promoting cultural, heritage, green, and creative tourism in the recent two years, with a view to meeting the general public's keen demand for local tourism at the moment.

Looking ahead, both the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area and the Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area promulgated in February 2019 and December 2020 respectively provided additional business opportunities and

directions for the development of tourism. The Government will follow the relevant development directions and upgrade and enhance local tourism resources, with a view to further strengthening Hong Kong's position as a hub for multi-destination tourism and international tourism when the epidemic stabilises.

In addition, the Hong Kong Tourism Board (HKTB) has been constantly adjusting their promotion and marketing strategies with innovative ideas according to the development of the epidemic. Before the resumption of cross-border / boundary travel, the HKTB will continue to leverage the "Holiday at Home" platform for promoting discounts and experiences offered by local retail, dining, attractions, hotels, etc., and boosting local travel consumption. Over the past year or so, the HKTB maintained Hong Kong's exposure in international travelling market through various means in order to bring back visitors as quickly as possible when the outbreak subsides, an example of which was the "#Miss You Too" promotion campaign rolled out in April 2020 which had successfully reached 35 million viewers worldwide.

In the medium to long term, the HKTB will continue to collaborate with other Guangdong-Hong Kong-Macao Greater Bay Area (GBA) cities to pool resources to build the GBA tourism brand. The HKTB is also conducting a holistic review of Hong Kong's tourism brand and positioning, so as to formulate long term promotion strategies and launch new products and promotional campaign in source markets worldwide to re-build Hong Kong's tourism image.

(2) and (3) As to other travel-related sectors, the Government has launched various relief measures, including the provision of a one-off subsidy of \$80,000 to eligible retail stores through the AEF amounting to a total of about \$5.5 billion, the provision of one-off subsidies to local airlines, aviation support services and cargo facilities operators, as well as waiver or reduction in various fees and charges by the Government and the Airport Authority Hong Kong totaling \$9.5 billion, and the provision of non-accountable subsidies of \$0.28 billion for eligible cross-boundary coaches, hire cars and ferries as well as subsidies for drivers of cross-boundary coaches.

On the other hand, with the stabilisation of the epidemic, the Government is striving to explore bigger room for operation for the tourism trades by striking a balance between fighting the epidemic and resuming economic activities. For example, we have been working towards the resumption of cross-border / boundary travel and the establishment of Air Travel Bubble, the resumption of local group tours, the launch of the "Free Tour" programme continuously and the extended implementation of the GLIS, as well as the reopening of theme parks so that more tourist spots are available for tourism promotion. We have recently announced the resumption of "cruise-to-nowhere" itineraries at end-July 2021 the earliest. These are all the short-term measures to bring temporary relief for the tourism trade. The Government will continue to closely monitor the epidemic situation worldwide and liaise with the trade, with a view to preparing for the recovery of tourism industry.

Thank you, President.

Phishing emails related to BNP Paribas

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

The Hong Kong Monetary Authority (HKMA) wishes to alert members of the public to a press release issued by BNP Paribas relating to phishing emails, which has been reported to the HKMA. A hyperlink to the press release is available on the [HKMA website](#).

Anyone who has provided his or her personal information, or who has conducted any financial transactions, through or in response to the emails concerned, should contact the bank using the contact information provided in the press release, and report the matter to the Police by contacting the Cyber Security and Technology Crime Bureau of the Hong Kong Police Force at 2860 5012.