

## LCQ4: Land demand for brownfield logistics operations

Following is a question by the Hon Frankie Yick and a reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (May 5):

Question:

Some brownfield logistics operators affected by the land resumption for the Hung Shui Kiu/Ha Tsuen New Development Area (the NDA) have relayed that they are unable to find sites for reprovisioning their operations. Moreover, the shortlisting of three nearby brownfield clusters earlier on by the Development Bureau as sites having potential for public housing development has further reduced the number of sites available for their choice. They opine that the Government, while meeting the demand for housing land, should at the same time attend to the logistics industry's demand for land. In this connection, will the Government inform this Council:

(1) of the latest progress of the land resumption work for the First Phase development of the NDA, and when the affected brownfield operations are required to move out; a breakdown, by the type of operations involved, of the area of the land resumed and the number of operators;

(2) given that the Government has planned to develop multi-storey industrial buildings (MSIBs) in the NDA for reprovisioning the affected brownfield operations, of the earliest time as projected by the Government that such brownfield operations may move into the MSIBs and, before that, the new measures in place to assist the affected brownfield operators; and

(3) as such operators have pointed out that due to the Government's failure to achieve a seamless transition in the timing for land resumption and intake of the MSIBs, some logistics operators may need to close down their business permanently, resulting in a shrinkage of the logistics industry, of the Government's short and medium term measures to meet their urgent demand for land?

Reply:

President,

The Government is making land resources available to meet the housing and other needs of the community. New development areas (NDAs) would be one of the major sources of our future land and housing supply. As most of these NDA projects involve redevelopment of brownfield sites, some existing operations thereon would inevitably be affected in the course of resumption and clearance of land.

My reply to the various parts of the question raised by the Hon Frankie

Yick is as follows:

(1) Hung Shui Kiu/Ha Tsuen (HSK/HT) NDA project covers around 441 hectares (ha) of development sites, of which about 223 ha being brownfields. Most of these brownfield sites (about 203 ha) are private lots. This project is taken forward in three phases. The first phase involves 17 ha of development sites, and 12 ha of private lots therefrom (including nine ha of brownfield sites) have reverted to the Government as scheduled. The first phase affects 40 business undertakings, which mainly include open-air/outdoor warehouses and logistics operations, workshops, shops, car parks, and vehicle repair and accessories trading. Up to this March, eight operators on about 0.6 ha of land have already moved out. According to the works programme, we expect that all business operations affected under the first phase would have to move out gradually before or in 2022.

(2) and (3) As for HSK/HT NDA, we have reserved about 61 ha of land for logistics facilities, port back-up, storage, and workshop uses. Some parts of the land are reserved for developing multi-storey buildings (MSBs), and some for open-air operations. Development of MSBs (with a plot ratio ranging from 5 to 7) would help compensate for the reduction of industrial floor space as a result of redevelopment of brownfield sites. The Government is now engaging a consultancy firm to ascertain the market interest in developing and operating MSBs, and expects the consultant's report to be completed within this year. This would enable us to make concrete proposals for the development models of the first batch of MSB sites next year, to meet the completion of the site formation works for such sites as early as in 2023.

Brownfield operations are business undertakings. As in the case for other business undertakings affected by development projects, the Government's policy is to provide monetary compensation for eligible business operators, rather than "one-on-one" or "seamless" re-provisioning of their existing space. As a matter of fact, the current large-scale open-air operations on brownfield sites may not be the most optimal use of land for sustainable development. Expecting the Government to make available land of a similar size for affected brownfield operators to re-establish their existing operations is not a practicable option. We believe that monetary compensation is the most direct and relevant form of assistance for some of those running relatively traditional brownfield operations and not being adaptable to the current economic environment.

Meanwhile, the Government is trying to alleviate the impact of the relevant development projects on the operators concerned. In this regard, the Government is working on the following measures to address these concerns:

First, in relation to monetary compensation, eligible business operators may receive a statutory compensation as prescribed in the law, or an ex-gratia allowance alternatively. The Finance Committee approved the substantially improved arrangement for ex-gratia allowances in July 2018.

Second, if individual operators wish to search and move to suitable places in other areas, the Government would offer assistance and facilitation in relation to planning and land matters as far as possible, apart from

granting the aforesaid monetary compensation. Taking HSK/HT NDA as an example, we have all along assisted individual operators in obtaining planning permission for, or seeking advice from other government departments on, potential relocation sites.

Third, the Lands Department (LandsD) is finding suitable vacant government sites for letting to eligible business operators affected by the land resumption and clearance exercise for NDA or other relevant government development projects, by way of short-term tenancy through tender. The first batch of three pieces of government land in Yuen Long and Fanling suitable for a range of brownfield operations, including storage, workshop, cargo handling, recyclables collection, and fee-paying public car park uses, were rolled out last December. The next batch of three other pieces of government land in Tuen Mun and Kwu Tung North, suitable for various types of brownfield operations including storage and fee-paying public car park, are expected to be put to tender in the same manner in mid-2021. The LandsD would continue to identify suitable vacant sites for eligible business operators to rent with priority by way of short-term tenancy.

Fourth, as I have just mentioned, about 61 ha of land in HSK/HT NDA has been reserved for logistics facilities and port back-up uses, etc. in the long run. This, together with the 11 ha of land reserved in Yuen Long South NDA for similar uses, may meet the land demand of the sector in the medium term. Separately, we would continue to reserve land for consolidating brownfield operations in other major development projects.

Fifth, in the course of land resumption and clearance, we would do our best to respond to reasonable concerns of the affected brownfield operations when drawing up the implementation details. For instance, even if the land has reverted to the Government in accordance with statutory procedures, we are, to the extent possible under the works programme, allowing operators concerned to move out in an orderly manner by batches.

To conclude, I hope Honourable Members and the public would appreciate the community's aspiration for land to be supplied continuously and used suitably to meet the housing needs of the people, as well as for economic and livelihood purposes. It is unavoidable that we have to make difficult choices. In this process, the Government would endeavour to be fair and reasonable in the context of overall land use planning and relevant procedures, having regard to the need of balancing different interests as appropriate.

Thank you, President.

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**[Person in custody found unconscious](#)**

## dies in hospital

A 56-year-old male person in custody who was found unconscious at Tong Fuk Correctional Institution died in a public hospital today (May 5).

The person in custody suffered from heart disease and hypertension. He required continuous medical care and follow-up at the institution hospital and a public hospital. At 6.57am today, he was found unconscious on his bed inside the institution hospital by a correctional officer. First aid treatment was immediately applied and a helicopter was called to send the person in custody to a public hospital for further treatment. His condition deteriorated and he was certified dead at 8.01am today.

The case has been reported to the Police. A death inquest will be held by the Coroner's Court.

The person in custody was sentenced to imprisonment for the offence of theft in December 2019.

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## LCQ19: Public markets and their sites

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (May 5):

Question:

As at April this year, the Food and Environmental Hygiene Department (FEHD) managed and operated 97 public markets (markets). There were 18 markets with a stall vacancy rate of over 20 per cent and six of them had a vacancy rate as high as 40 per cent or above. Besides, among the six markets which have been closed, one has been demolished and the long-term uses of the remaining five have not been determined. The Government has left the Mong Kok Market idle for over a decade and not until recently has it decided to put it to a temporary use. Some members of the public have criticised that the Government has failed to properly manage the markets and the relevant sites, which is a waste of precious land resources. In this connection, will the Government inform this Council:

(1) given that the FEHD has planned to close the Choi Hung Road Market (CHR Market) in March next year, and the relevant government departments have commenced a study on the overall planning and long-term development of the site of the Choi Hung Road Playground and Sports Centre (including the CHR Market), of the preliminary planned uses of the site and the implementation timetable; whether it will put the market to temporary uses before the

implementation of its long-term uses;

(2) whether the FEHD will consider closing more markets with utilisation rates on the low side; for those markets which need to be retained, whether the FEHD will, pursuant to the principle of "single site, multiple uses", group the existing stalls together so as to release some storeys or floor areas for other uses; if so, of the relevant plan and timetable; if not, the reasons for that; and

(3) regarding those markets that have been or will be closed, whether it will set respective target time limits (e.g. three years and five years) for (i) leaving them vacant and (ii) studying their long-term uses, and in respect of those cases not meeting the targets, explain to this Council and the public why such targets have not been met?

Reply:

President,

When a market is closed or consolidated and the premises or floor(s) are no longer required by the Food and Environmental Hygiene Department (FEHD), the vacated building or floor(s) will be handled in accordance with the established procedures of the Government. Based on the circumstances, the FEHD will seek views from the relevant Government departments, including the Government Property Agency, the Planning Department or the Lands Department, to formulate proposals for putting the premises to gainful long-term uses. The time required for formulating the proposal for long-term use of individual market may be longer due to various factors, such as judicial review lodged by members of the public on the zoning of land use, the time required for the Government to consult the stakeholders (including the relevant Government departments and local groups, etc.) on the proposed long-term use, etc.

In consultation with the relevant departments, I provide a reply to the various parts of the question as follows:

(1) The FEHD plans to close the Choi Hung Road Market (CHR Market) in 2021-22, and collected the forms for confirmation of intention from all tenants in November 2020. The CHR Market is expected to be closed in March 2022.

The Development Bureau commenced a study on the overall planning and long-term development of the Choi Hung Road Playground and Sports Centre (including the CHR Market) site in 2020, and is currently exploring options of land uses and facilities in collaboration with relevant departments under the principle of "single site, multiple use". The next step will be to analyse and evaluate the options. The study is expected to be completed in the first quarter of 2022.

(2) and (3) The Government is conducting a comprehensive review of the utilisation and development potential of existing markets, with a view to

formulating appropriate development plans for meeting the policy objectives of optimising land uses, benefitting the public and promoting district development. When considering whether an under-utilised market is to be closed or consolidated, the FEHD will take into account various factors, including the vacancy rate, room for improvement, availability of fresh provision shops in the vicinity, possible cost-effectiveness of upgrading works and views of the relevant local community.

As stated above, when a market is closed or consolidated, the FEHD will formulate proposals for putting the premises to gainful long-term uses in accordance with the established procedures of the Government.

The FEHD tentatively plans to take forward the preparatory and consultation work for closure of another six markets. Views from other departments have been sought in accordance with established procedures to formulate proposals for putting the premises to gainful long-term uses. Details will be announced upon completion of the preparatory work.

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## **LCQ5: Electronic consumption vouchers**

Following is a question by the Hon Starry Lee and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (May 5):

Question:

When delivering the Budget on February 24 this year, the Financial Secretary proposed issuing electronic consumption vouchers in instalments with a total value of \$5,000 to each eligible Hong Kong permanent resident and new arrival aged 18 or above, so as to stimulate local consumption. The initial thinking then was to disburse the sum in five instalments of \$1,000 each, and impose a validity period for use. The Government selected four stored value facility (SVF) operators in early April to assist in implementing the scheme. In this connection, will the Government inform this Council:

(1) whether it will relax the restrictions on the use of the consumption vouchers, including allowing the unused consumption vouchers of a certain period to be retained for use together with the consumption vouchers disbursed subsequently, and bringing more types of transactions under the scope of use of the consumption vouchers; if so, of the details; if not, the reasons for that;

(2) whether it will urge the SVF operators concerned to waive the administrative fees charged on merchants for transactions associated with the consumption vouchers; if so, of the details; if not, the reasons for that;

and

(3) of the measures in place to encourage the business sector to organise sales discounts and promotional activities associated with the consumption vouchers so as to further stimulate local consumption?

Reply:

President,

The Financial Secretary has announced in the 2021–22 Budget that electronic consumption vouchers with a total value of \$5,000 will be disbursed by instalments to eligible Hong Kong permanent residents and new arrivals aged 18 or above. The Consumption Voucher Scheme (the Scheme) aims to stimulate the consumer sentiment, enabling the funding under the consumption vouchers to circulate in the local economy, so as to boost local consumption to the fullest extent and accelerate economic recovery through the multiplier effect. It is estimated that there are around 7.2 million eligible persons, involving a financial commitment of about \$36 billion. At the same time, the Government also wants to encourage through the Scheme more local merchants and members of the public to use electronic payments, so as to foster the development of the local electronic payment market.

My reply to the different parts of the question raised by the Hon Starry Lee is as follows:

(1) Making reference to the experiences of other economies in issuing consumption vouchers, we consider that consumption vouchers with a validity period disbursed by instalments over a period of time and limited for use in local merchants could continuously drive and stimulate local consumption during the particular period.

According to the current design, the coverage of the consumption vouchers will be as extensive as possible, covering consumption at physical and online stores of local merchants in the retail, food and beverage, and services sectors. Taking into consideration the policy intent of the Scheme, the consumption vouchers will in principle not be usable for payments to the Government and public organisations or public utilities, spending on public transport covered by the Public Transport Fare Subsidy Scheme, purchases of financial products, overseas consumption, person-to-person payments, encashment, etc. We are discussing with operators of the four Stored Value Facilities (SVF) selected to participate in the Scheme on practical means to prevent the use of consumption vouchers on payments other than local consumption.

We are working out the implementation details of the Scheme, including the disbursement arrangement. We will carefully consider the different views previously expressed by the public with regard to the number of instalments, the restrictions on usage and scope of use, etc. We will strive to strike the best balance among various needs and provide flexibility, so as to facilitate the public to use the consumption vouchers for local consumption of different

amounts according to their needs, and at the same to achieve the aim of boosting and stimulating the local consumption.

(2) To boost local consumption to the fullest extent with the Government's funding injection to the Scheme so as to benefit the society, the four SVF operators have agreed to waive, as far as practicable, relevant fees for the installation and usage of electronic payment devices by local merchants (in particular small and medium enterprises) as well as the administrative fees for processing payments made with the consumption vouchers. Merchants do not have to pay for installation if they apply directly to the operators for payment codes or simple devices. The SVF operators, taking into account their own operational model and commercial arrangements, will also rebate the additional income generated from the consumption vouchers to consumers or merchants by various means.

Since the Government announced the list of selected SVFs participating in the Scheme on April 11, the operators indicated that the number of enquiries from merchants has increased several times, reflecting that merchants' interest to install electronic payment facilities has increased significantly as a result of the implementation of the Scheme and the offers provided by the SVF operators.

(3) We will continue to foster co-operation between the SVF operators and merchants to organise different activities to boost consumption. We will also encourage the business sectors to organise promotion events and provide different offers during the Scheme, with a view to bringing about more additional consumption, so as to enhance the effect of the Scheme.

In addition, we will conduct comprehensive publicity and promotion for the Scheme through various channels, including a website, promotion videos, advertisements, a press conference, press releases, an enquiry hotline, social media, etc., to enable the public and merchants to understand clearly the details and arrangements of the Scheme, as well as to encourage and facilitate their participation.

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## **Effective Exchange Rate Index**

The effective exchange rate index for the Hong Kong dollar on Wednesday, May 5, 2021 is 101.3 (up 0.1 against yesterday's index).