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Panel on Development

Special meeting on 10 March 2012

**Background brief on increasing land supply through
reclamation outside Victoria Harbour and rock cavern development**

Purpose

This paper provides background information on the Administration's strategy to increase land supply through reclamation outside Victoria Harbour and rock cavern development, and summarizes the major views and concerns expressed by Members on the subject.

Initiatives to increase housing land supply under the 2010-2011 Policy Address

2. Initiatives to increase land supply were introduced under the 2010-2011 and 2011-2012 Policy Addresses to meet the strong housing demands from members of the public. The Chief Executive ("CE") announced in his 2010-2011 Policy Address that to ensure a stable property market, in the next 10 years, on average, land would need to be made available annually for some 20 000 private residential flats. The figure was estimated on the basis of the average annual take-up rate of first-hand private residential flats of 18 500 units in the past 10 years. The Administration's aim was to build up a sufficiently large land reserve over a period of time to ensure stable land supply for the residential property market, in particular, to make available sufficient land for building small and medium residential flats to keep their prices stable.

3. According to the Administration's paper provided to the Panel on Development ("the Panel") in October 2010 in relation to the initiatives of the Development Bureau in the 2010-2011 Policy Address, sources of land

supply to support the annual target of providing 20 000 private residential flats included Government land to be disposed of, lease modifications and land exchanges initiated by private developers, private redevelopment projects not subject to premium payment, and land tenders carried out by the Mass Transit Railway Corporation Limited and the Urban Renewal Authority. In order to generate more land in the long run, the Administration would consult the public on the proposals of reclamation on an appropriate scale outside Victoria Harbour and developing cavern and underground space.

Initiatives to increase housing land supply under the 2011-2012 Policy Address

4. In his 2011-2012 Policy Address, CE announced that the Administration had identified the following six measures to expand land resources --

- (a) To release about 60 hectares of industrial land for non-industrial uses, half of which would be made available for housing;
- (b) To explore the option of reclamation on an appropriate scale outside Victoria Harbour;
- (c) To actively explore the use of rock caverns to re-provision existing public facilities and release such sites for housing and other uses;
- (d) To look into the use of green belt areas in the New Territories that are de-vegetated, deserted or formed, thus no longer performing their original functions, and convert them into housing sites;
- (e) To examine "Government, Institution or Community" ("GIC") sites to avoid the under-utilisation of sites long reserved but without specific development plans; and study ways to reduce the restrictions posed by utilities to the development of adjacent areas; and
- (f) To explore the possibility of converting into housing land some 150 hectares of agricultural land in North District and

Yuen Long currently used mainly for industrial purposes or temporary storage.

5. According to the Administration, it aims to ensure an annual supply of land for an average of about 40 000 residential units of various types with the implementation of the above initiatives. The newly developed land will be kept in the Government's land reserve to accommodate the demand for land arising from population growth and the development of the six industries¹.

Reclamation outside Victoria Harbour and rock cavern development

6. Following the enactment of the Protection of the Harbour Ordinance (Cap. 531) in 1997 and the Court of Final Appeal's ruling in 2004, reclamation within Victoria Harbour to create new land is legally constrained but such constraint is not applicable to other sea area outside the Harbour. Therefore, reclamation on an appropriate scale outside Victoria Harbour is a possible way to increase land supply. According to the Administration, reclamation outside Victoria Harbour has the benefits of re-using surplus public fill and handling contaminated sediments generated from construction activities in an environmentally-friendly manner.

7. According to the findings of the "Study on the Enhanced Use of Underground Space in Hong Kong" commissioned by the Civil and Engineering Development Department ("CEDD") in March 2010, Hong Kong is particularly suitable for developing rock caverns from the geological perspective. By re-provisioning suitable Government facilities inside caverns and releasing the original land as well as the adjacent sterilized land for housing and other uses, cavern development is a viable option to increase land supply. Cavern development can also be a good source of land supply for accommodating new infrastructure facilities, such as sewage treatment plants and refuse transfer stations, which will otherwise occupy land and territorial space.

8. At the Panel meeting on 24 May 2011, the Administration briefed members on the plan to launch a search for potential reclamation sites

¹ The six industries as referred in the 2009-2010 Policy Address are: medical services, education services, environmental industries, testing and certification, innovation and technology, and cultural and creative industries.

outside Victoria Harbour, identify suitable existing facilities for relocating to rock caverns, and conduct relevant technical studies. In November 2011, the Administration provided an information paper (LC Paper No. CB(1)323/11-12(01)) to update Panel members about the latest development of the technical studies and the public engagement ("PE") exercise to gauge the public's views on these two land supply options. On the proposal of reclamation, according to the paper, CEDD has commenced a consultancy study on site search cum public engagement in July 2011, which is expected to complete in early 2013. CEDD has developed an inventory of reclamation site constraints in consultation with relevant Government departments. This inventory helps identify the "no-go" areas for reclamation and areas that pose serious constraints and hence facilitates the site search study. As regards cavern development, CEDD is reviewing the suitability of relocating certain public facilities to caverns and plans to embark on feasibility studies on relocation of the Sha Tin sewage treatment works, Mount Davis fresh water primary service reservoir and Kennedy Town fresh water service reservoir to caverns, which were well-received in the pre-PE consultations.

9. The Stage 1 PE exercise, with the objective to solicit views on the feasible ways of increasing land supply, the guiding principles and the site selection criteria, was formally launched on 10 November 2011. The consultation, which originally ends on 29 February 2012, has been extended to 31 March 2012. To facilitate the community's examination and discussion of the site selection criteria for reclamation, the Administration has come up with a list of 25 potential reclamation sites as examples after surveying the coastlines throughout the territory and excluding those areas that are subject to serious constraints and thus not suitable for reclamation. A map showing the locations of the 25 potential reclamation sites is in **Appendix I**.

10. The Administration has stressed that reclamation outside Victoria Harbour would have to comply with the principles of sustainability and requirements under the Environmental Impact Assessment Ordinance and the potential types and locations of reclamation can be revised in light of public views. Based on the results of the Stage 1 PE exercise, the Administration will evaluate the community's acceptance of reclamation, review the list of potential sites, draw up site selection criteria and identify feasible sites (tentatively 10 reclamation sites and 8 cavern development sites) for discussion at the Stage 2 PE exercise, scheduled for the third quarter of 2012 the earliest.

Members' views and concerns on reclamation outside Victoria Harbour and rock cavern development

11. The Panel discussed issues relating to reclamation outside Victoria Harbour and development of rock caverns at meetings held on 24 May 2011 and 14 October 2011. When the Policy Addresses of 2010-2011 and 2011-2012 were debated at the Council meetings of 27 October 2010 and 26 October 2011 respectively, issues on land supply were also raised. The major concerns and views expressed by Members are summarized below --

- (a) The Administration should work out projections on the amount of surplus public fill to be generated in the next few years and a list of potential sites for implementing near-shore reclamation. Suitable sites should be identified over the territory so as to avoid high transportation cost of surplus public fill across districts, and reduce nuisance caused to the environment during long-haul transportation.
- (b) The Administration should consider reclamation in the form of individual islands leaving waterways between the newly created land and the shore areas. This approach could help preserve the shore line and also create more waterfront areas for public enjoyment and other uses.
- (c) The Administration should make use of the land released by relocating existing facilities to rock caverns for provision of community facilities.
- (d) The Administration should formulate a strategy to introduce innovative uses of caverns besides re-housing facilities, such as provision of emergency shelters for people in nuclear accidents; exploring opportunities for promotion of local community economy; and creating jobs for local residents.
- (e) The hot and wet weather in Hong Kong would be a major obstacle in pursuing underground space development as underground facilities would require a large amount of energy for providing ventilation. In-depth research should be conducted in the use of underground space in overseas countries, including those in North Europe where the weather was very different from Hong Kong.

- (f) The PE exercise should be conducted in a knowledge-based manner, with sufficient background information including difficulties in the land development process and the pros and cons of the two options.
- (g) It is important for the Administration to formulate strategies and plans for developing land in the short, medium and long term, as well as for creating a land reserve. The Administration should strive to maintain a sufficient land reserve in hand in order to meet the rising demand for both private and public housing.
- (h) The Administration should consider providing a five-year rolling land production programme for private housing.

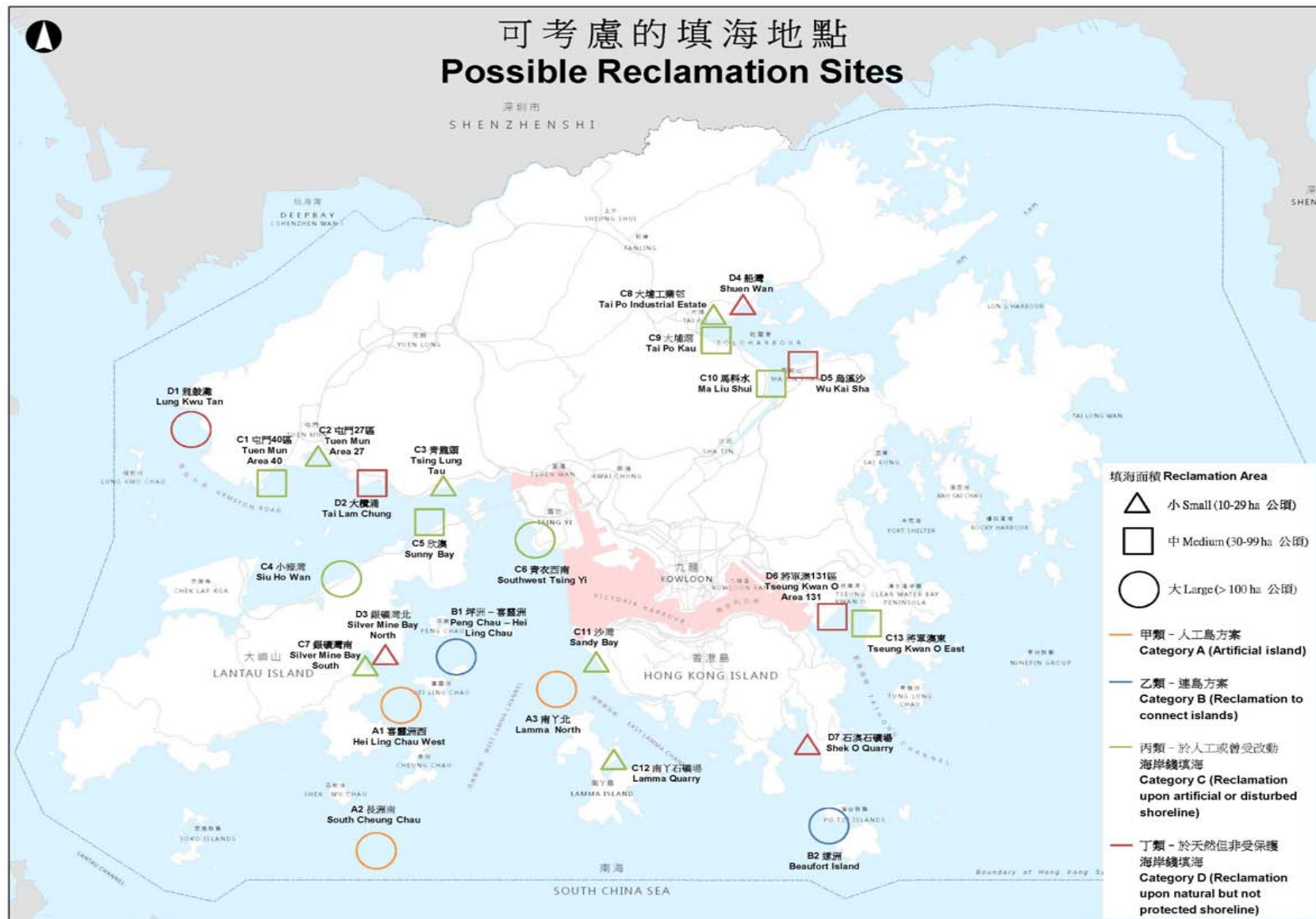
12. A motion debate on "expanding land resources" was held at the Council meeting of 29 February 2012. The original motion and the amendments were negatived.

Recent developments

13. The Panel will hold a special meeting on 10 March 2012 to receive public views on the Government's strategy to increase land resources through reclamation outside Victoria harbour and rock cavern development. The Administration plans to consult the Panel on funding proposals for undertaking feasibility studies to formulate the long-term strategy for cavern development and relocate the Sha Tin sewage treatment works, the Mount Davies fresh water primary service reservoir and the Kennedy Town fresh water service reservoir to caverns at the meetings to be held in March and April 2012.

Relevant papers

14. A list of relevant papers is shown in **Appendix II**.



Source: Website of the Civil Engineering and Development Department
http://www.landsupply.hk/download/pdf/MediaBriefing-4Jan2012/Possible_reclamation_sites_map.pdf

**Increasing land supply through
reclamation outside Victoria Harbour and rock cavern development**

List of relevant papers

Date	Meeting/Event	References
21 October 2010	Panel on Development	<p>Administration's paper -- Initiatives of the Development Bureau in the 2010-2011 Policy Address and Policy Agenda (LC Paper No. CB(1)40/10-11(01)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev1021cb1-40-1-e.pdf</p> <p>Minutes (LC Paper No. CB(1)468/10-11) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20101021.pdf</p>
27-29 October 2010	Council meeting -- debate on the Policy Address	<p>Hansard http://legco.gov.hk/yr10-11/english/counmtg/hansard/cm1027-translate-e.pdf http://legco.gov.hk/yr10-11/english/counmtg/hansard/cm1028-translate-e.pdf http://legco.gov.hk/yr10-11/english/counmtg/hansard/cm1029-translate-e.pdf</p>
24 May 2011	Panel on Development	<p>Administration's paper -- Increasing land supply by reclamation and rock cavern development (LC Paper No. CB(1)2205/10-11(05)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev0524cb1-2205-5-e.pdf</p>

Date	Meeting/Event	References
		<p>Administration's paper -- Findings of the study on the enhanced use of underground space in Hong Kong (LC Paper No. CB(1)2205/10-11(06)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev0524cb1-2205-6-e.pdf</p> <p>Minutes (LC Paper No. CB(1)265/11-12) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20110524.pdf</p>
14 October 2011	Panel on Development	<p>Administration's paper -- Initiatives of the Development Bureau in the 2011-2012 Policy Address and Policy Agenda (LC Paper No. CB(1)35/11-12(01)) http://www.legco.gov.hk/yr11-12/english/panels/dev/papers/dev1014cb1-35-1-e.pdf</p> <p>Minutes (LC Paper No. CB(1)798/11-12) http://www.legco.gov.hk/yr11-12/english/panels/dev/minutes/dev20111014.pdf</p>
26-28 October 2011	Council meeting -- debate on the Policy Address	<p>Hansard http://www.legco.gov.hk/yr11-12/english/counmtg/hansard/cm1026-translate-e.pdf http://www.legco.gov.hk/yr11-12/english/counmtg/hansard/cm1027-translate-e.pdf http://www.legco.gov.hk/yr11-12/english/counmtg/hansard/cm1028-translate-e.pdf</p>
November 2011	Panel on Development	<p>Information paper -- Enhancing land supply strategy : reclamation outside Victoria Harbour and rock cavern development -- Stage 1 public engagement (LC Paper No. CB(1)323/11-12(01)) http://www.legco.gov.hk/yr11-12/english/panels/dev/papers/devcb1-323-1-e.pdf</p>

Date	Meeting/Event	References
19 December 2011	Panel on Development	Administration's paper -- Measures to expand land resources (LC Paper No. CB(1)599/11-12(04)) http://www.legco.gov.hk/yr11-12/english/panels/dev/papers/dev1219cb1-599-4-e.pdf
1 February 2012	Council meeting	Written question No. 15 -- Land supply http://www.info.gov.hk/gia/general/201202/01/P201202010325.htm