

25 November 2020

Ms. Anita SIT
Clerk to Finance Committee,
Legislative Council,
Legislative Council Complex,
1 Legislative Council Road,
Central, Hong Kong

Dear Ms. SIT,

The Construction Industry Council's Views on
"Studies related to Artificial Islands in the Central Waters"

On behalf of the Construction Industry Council (CIC), I write to express our support to the captioned project which is one of the key initiatives under the long-term development strategy of Lantau Tomorrow Vision (the Vision).

The CIC welcomes the Vision at large as it would bring about multiple strategic benefits. Firstly, it would provide more land to address the acute housing needs and create abundant commercial space for the long-term economic development of Hong Kong. According to the pilot estimation of the Development Bureau, the artificial islands around Kau Yi Chau (which is the first phase of the Vision) would provide a total reclaimed area of about 1,000 hectares for 150,000-260,000 housing units, 70% of which are public housing. The land supply would also support the development of the third Core Business District (CBD3) in Hong Kong.

In conjunction with the large-scale reclamation, there will definitely be development of a new strategic transport network and comprehensive infrastructure. With the priority road and rail links built between the Hong Kong Island, the artificial islands in the Central Waters, Lantau and the coastal areas of Tuen Mun, intra-connectivity within Hong Kong and connection to the neighbouring cities would be improved. This would allow room for expansion and create capacity for the future economic development of Hong Kong.

Given the mega-scale of the Vision and its phased initiatives, plenty of job opportunities would be created for the construction sector in Hong Kong, benefitting our construction workers and professionals. Moreover, upon full development in 2030, with the establishment of the CBD3, it is anticipated that some 200,000 diversified employment opportunities would be provided.

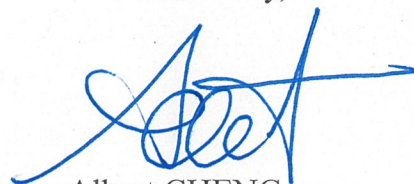
However, since the announcement of the Vision in the 2018 Policy Address, some members of the public have expressed concern about the environmental impacts of the project and its implications on the Government's fiscal reserves, especially with the economic threats and financial burden on the fiscal reserves due to COVID-19.

While the Government should be mindful of the divergent views received, we are pleased to note that the Government has proposed to set up in parallel a HK\$1,000 million Lantau Conservation Fund (LCF) to take forward conservation and related projects as well as minor local improvement works in rural Lantau. Together with the overarching principle of "Development in the North; Conservation for the South" mapped out in the Sustainable Lantau Blueprint promulgated in 2017, the designated LCF would contribute to the overall conservation of Lantau Island, raise community awareness and mobilise the public to put conservation work in the right perspective.

On the economic front, while it would take an estimated cost of over HK\$550 million (in March 2019 prices) for undertaking the studies related to the artificial islands in the Central Waters between Hong Kong Island and Lantau, and a ballpark estimate of over HK\$620 billion (in September 2018 prices) for the total construction cost of the Lantau Tomorrow Vision, there should be revenue arising from the residential and commercial land sale. The Hong Kong Institute of Surveyors has published their professional estimate of the land sale revenue to be generated from the Kau Yi Chau artificial islands ranging from HK\$974 billion to HK\$1,143 billion. This has not yet taken into account the substantial social values and economic benefits that would be created from the land development.

With the objective of increasing land supply and consolidating the sustainable development of Hong Kong, coupled with various new initiatives mentioned in the 2020 Policy Address just delivered by the Chief Executive this morning, the CIC urges that the preliminary project of "Studies related to Artificial Islands in the Central Waters" for the first-phase initiative be commenced as early as practicable. It is an important step to take forward the Vision.

Yours sincerely,



Albert CHENG
Executive Director