

# 立法會 *Legislative Council*

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## **Report of the Panel on Development for submission to the Legislative Council**

### **Purpose**

This report gives an account of the work of the Panel on Development (“the Panel”) during the 2024 session. It will be tabled at the meeting of the Legislative Council (“LegCo”) on 18 December 2024 in accordance with Rule 77(14) of the Rules of Procedure of LegCo.

### **The Panel**

2. The Panel was formed by the resolution of LegCo on 8 July 1998, as amended on 20 December 2000, 9 October 2002, 11 July 2007, 2 July 2008 and 26 October 2022 for the purpose of monitoring and examining Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters. The terms of reference of the Panel are in [Appendix 1](#).

3. For the 2024 session, the Panel comprises 20 members. **Ir Dr Hon LO Wai-kwok** and **Hon Andrew LAM Siu-lo** were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in [Appendix 2](#).

### **Major work**

#### Increasing land supply

4. Land and housing are matters important for the betterment of the economy and people’s livelihood. Increasing land and housing supply, so as to create the necessary capacity and build the momentum for the development of Hong Kong in the long run, is a policy priority of the current-

term Government. During the 2024 session, the Administration consulted the Panel on a number of land development-related plans and public works projects, including a number of major development projects in the Northern Metropolis.

### *San Tin Technopole*

5. **San Tin Technopole is the flagship project of the Northern Metropolis.** Together with the Lok Ma Chau Loop, it occupies a total area of about 600 hectares (“ha”), half of which is innovation and technology (“I&T”) land. San Tin Technopole will provide about 160 000 employment opportunities, about 50 000 flats, and comprehensive transport infrastructures and community facilities. It will become a modern new development area (“NDA”) with industrial development, ecological conservation and a livable environment. At the Panel meeting on 22 October 2024, the Administration sought the Panel’s views on the following funding applications: (a) **Phase 1 Stage 1 Works of San Tin Technopole—Site Formation and Engineering Infrastructure** at a preliminary estimated cost of around \$30 billion in money-of-the-day (“MOD”) prices; and (b) **Establishment of Sam Po Shue Wetland Conservation Park—Detailed Design for First Phase** at an estimated cost of \$84.9 million in MOD prices.<sup>1</sup>

6. **Members supported the Administration’s pressing ahead with the projects relating to the development of San Tin Technopole.**<sup>2</sup> However members were very concerned about the construction cost of the Phase 1 Stage 1 works of San Tin Technopole, which was as high as \$30 billion, and requested that the Administration should **study if there was room for a further downward adjustment to the construction cost.**

7. The Administration advised that 158 ha of land would be formed under the Phase 1 Stage 1 works of San Tin Technopole, amounting to 29% of the total development area of San Tin Technopole. In addition to producing I&T sites, some formed land would be used for constructing roads and other engineering infrastructure, including drainage, sewerage and water supply that would support the development of the entire San Tin Technopole. The proposed funding of \$30 billion was a preliminary estimate of the

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<sup>1</sup> The funding proposals (i.e. [PWSC\(2024-25\)16](#)) were endorsed by the Public Works Subcommittee (“PWSC”) on 25 November 2024.

<sup>2</sup> The funding proposal for the Phase 1 Stage 1 works of San Tin Technopole included the construction of a gallery at an approximate cost of \$600 to \$700 million at a site at the waterfront of Wan Chai North to showcase major development projects including the Northern Metropolis and the Kau Yi Chau Artificial Islands. Members requested that funding for the works of constructing the gallery should be sought under a separate proposal for PWSC’s consideration.

construction cost. The Administration would continue to study whether there was room for a downward adjustment to the construction cost.

8. Members made various suggestions on the development planning of San Tin Technopole, including **greater flexibility in the permitted uses of the I&T land** to cater for the setting up of operations and development of companies in different I&T fields. Appropriate consideration should be given to the **mix or quantity of public and private housing** proposed to be built to cater for the needs of I&T talents working in San Tin Technopole. Members also urged that alongside the development of San Tin Technopole, the **transport connectivity and infrastructure such as the sewerage system of the area should be improved** to benefit villagers of existing indigenous villages. Moreover, there was concern about the impact of a **judicial review case** filed by a member of the public regarding the development of San Tin/Lok Ma Chau on the Administration's implementation of projects relating to the development of San Tin Technopole.

9. The Administration advised that the dispute revolving around the judicial review was mainly about the ecological impact of pond filling, and the Phase 1 Stage 1 works of San Tin Technopole did not include any pond filling works. Specific terms and conditions would be included in the construction contracts for San Tin Technopole to deal with different scenarios that might arise, protect the Government's interest as far as possible, and minimize the possible impact of the verdict of the judicial review on the project. The Administration took note of members' views on the development planning and infrastructure of San Tin Technopole.

10. Members noted that the Administration had all along adhered to the vision of "Co-existence of Development and Conservation" in planning the development of San Tin Technopole. **Members supported the establishment of Sam Po Shue Wetland Conservation Park** ("the Conservation Park") to enhance the ecological quality and biodiversity of the Northern Metropolis. Members suggested that the design of the proposed Conservation Park should focus on highlighting Hong Kong's natural ecological beauty to raise the public's attention to and consciousness of ecological conservation, and provide the public and tourists with a rich eco-tourism experience to add to the charm of Hong Kong's countryside. Members also enquired about the **role played by the proposed Conservation Park in enhancing the efficiency of the aquaculture industry**.

11. The Administration advised that the theme of the proposed Conservation Park was "Biodiversity and Aquaculture in Harmony".

Through proactive efforts to enhance some fish ponds and wetlands within its boundary, the Conservation Park served to enhance the ecological functions of the Deep Bay wetland system, conserve birds and increase biodiversity. The Conservation Park would also implement high-density, high-tech and high-yield aquaculture operations with the long-term goals of enhancing the quantity, quality and value of local fisheries products, increasing the economic efficiency, and creating job opportunities for the industry.

*Development proposal of Lau Fau Shan/Tsim Bei Tsui/Pak Nai area (Lau Fau Shan)*

12. As set out in the Northern Metropolis Action Agenda promulgated in late October 2023, the Lau Fau Shan, Tsim Bei Tsui and Pak Nai area (collectively referred to as “Lau Fau Shan”) will be an extension of the Hung Shui Kiu/Ha Tsuen New Development Area (“HSK/HT NDA”). At the Panel meeting on 27 February 2024, the Administration briefed members on the development proposal of Lau Fau Shan under the two development themes of **digital technology hub** and **eco-tourism**. In the Chief Executive’s 2024 Policy Address, it was announced that Tsim Bei Tsui and Pak Nai would be developed into **eco-tourism nodes**, and a plan was made to invite expression of interest on the proposal in the first quarter of 2025.

13. Members welcomed the Administration’s plan to explore the development mode of “**development of local districts**” in implementing the development of some parts of Lau Fau Shan, and urged that the private sector be involved in investing in the relevant infrastructure and development projects. Members were of the view that the “development of local districts” approach, under which private developers would carry out formation and development of the land granted to them and bear the associated construction costs, would help reduce public expenditure. Members also urged the Administration to **improve the external and internal transport connectivity of Lau Fau Shan**.

14. The Administration advised that under the “development of local districts” approach, the feasibility of private sector participation in the development of areas associated with the digital technology hub and eco-tourism would be explored with a view to expediting the commencement of construction of the relevant industrial sites at Lau Fau Shan and improving the Government’s cash flow. The Administration also advised that under the Planning and Engineering Study for Lung Kwu Tan Reclamation and the Re-planning of Tuen Mun West Area and the subsequent stage of the Investigation Study for Lau Fau Shan, improvements to Deep Bay Road, Nim Wan Road and the road network in the Lau Fau Shan area would be

explored. In addition, upon completion of the planned Road P1 in HSK/HT NDA, vehicles could use it to access various parts of Lau Fau Shan from Kong Sham Western Highway.

15. Members stressed that the Administration should **strike a balance between conservation and development** needs in planning the land use of Lau Fau Shan, so as to make the best use of the beautiful natural environment of the area. Regarding the Administration's proposal to assess the tourism potential of the Lau Fau Shan seafood market, including exploring the preservation of the market and in-situ improvement, members urged that **assistance should be provided for traders at the seafood market to continue their operation.**

16. The Administration advised that while Tsim Bei Tsui and Pak Nai would be developed into eco-tourism nodes, the supporting tourism facilities (e.g. hotels/resorts and eco-lodges) would be built outside the boundary of the proposed Coastal Protection Park, where the ecological value was on the low side. The Administration would also approach the trade association of the Lau Fau Shan seafood market to discuss the in-situ improvement plans for the seafood market.

17. There was concern as to how the **positioning of Lau Fau Shan as a digital technology hub** would differ from that of other technology parks in Hong Kong (such as San Tin Technopole and Cyberport), as well as that of Nanshan District/Qianhai Co-operation Zone in Shenzhen as a modern service industries and I&T centre, so as to achieve **staggered development.**

18. The Administration advised that riding on the strengths of Hong Kong as an international and common law city, HSK/HT NDA could be developed into a high-end professional services and logistics hub, pushing forward the cooperation with Nanshan District/Qianhai Co-operation Zone in Shenzhen in the relevant fields to complement each other's strengths. The digital technology hub at Lau Fau Shan, with its focus on application-based technological solutions, would be distinct from San Tin Technopole which was positioned as a hub for clustered I&T development.

*Funding Application for Kwu Tung North/Fanling North New Development Area—Site Formation and Engineering Infrastructure Works for Remaining Phase Development*

19. The Kwu Tung North/Fanling North New Development Area ("KTN/FLN NDA") is the first NDA in the Northern Metropolis to enter the construction stage. At the Panel meeting on 26 March 2024, the Administration consulted the Panel on the **funding proposal for the site**

**formation and engineering infrastructure works for the Remaining Phase development<sup>3</sup> of KTN/FLN NDA.** The preliminary estimated cost of the project was **\$32,518.4 million in MOD prices.** The Panel supported the submission of the proposal to the Public Works Subcommittee (“PWSC”) for consideration.<sup>4</sup>

20. Members were concerned whether the Administration **had sufficient financial capability** to complete the development of KTN/FLN NDA given the current budgetary constraints of the Government. Members suggested that the development approach of “development of local districts” should be adopted to **involve the private sector in the development** to improve the Government’s cash flow.

21. The Administration advised that it had reviewed the priority of various public works projects, and projects that were at a comparatively mature stage of planning (such as the site formation and engineering infrastructure works for the Remaining Phase development of KTN/FLN NDA) would continue to be taken forward as planned. In the Chief Executive’s 2024 Policy Address, the Administration announced that a “development of local districts” approach would be adopted on a pilot basis, under which successful bidders would be granted sites for collective development. To that end, one land parcel in each of the three NDAs, namely San Tin Technopole, HSK/HT and Fanling North, with areas ranging from 10 to 20 ha had been identified as pilot sites. Plans were made to invite expression of interest at the end of 2024, with a view to putting up the first land parcel for tender within 2025.

22. Members noted that the Remaining Phase development of KTN/FLN NDA would require resumption and clearance of about 112 ha of private land and about 157 ha of government land. Members requested the Administration to **provide appropriate rehousing and compensation arrangements for the affected households and business operators.**<sup>5</sup> Among others, the review of the land uses of several sites in the NDA originally proposed for I&T-related uses could be taken as an opportunity to explore the option of using them for construction of **multi-storey buildings for modern industries (“MSBs”), or industrial parks** could be set up at

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<sup>3</sup> KTN/FLN NDA, with a total development area of 320 ha, is implemented in two phases: First Phase (73 ha) and Remaining Phase (247 ha). The site formation and engineering infrastructure works for the First Phase development commenced in 2019.

<sup>4</sup> The funding proposal (i.e. [PWSC\(2024-25\)6](#)) was endorsed by PWSC on 5 June 2024 and approved by the Finance Committee on 28 June 2024.

<sup>5</sup> According to the information obtained from the pre-clearance survey, a total of 1 065 households and 313 business operators were affected.

alternative sites for reprovisioning of the affected business operators. Members were of the view that New Territories North Development could provide a more abundant supply of land to complement and bolster the Administration's policies and measures to support the continuity and upgrading of brownfield operations affected by development. As regards the construction industry park, there was a view that the **vicinity of the River Trade Terminal in Tuen Mun**, which possessed the advantage of waterborne transport, was a suitable location.

23. The Administration advised that it was handling the compensation and rehousing matters of the affected land owners, households and business operators at full steam, and would endeavour to arrange rehousing or release compensation for all eligible persons before the clearance commenced. The Administration also advised that consideration would be given to developing MSBs at suitable sites to accommodate some of the affected business operators. Members' suggestion of setting up the construction industry park in the vicinity of the River Trade Terminal in Tuen Mun would be reviewed and considered in the context of the ongoing Planning and Engineering Study for Lung Kwu Tan Reclamation and the Re-planning of Tuen Mun West Area.

*Revised arrangements under Enhanced Conventional New Town Approach*

24. In the 2023 Policy Address, the Chief Executive announced that the Government would **extend the Enhanced Conventional New Town Approach** ("ECNTA") to all NDAs and improve its operational arrangements, including applying the land exchange arrangements to **designated sites for industries** and **private community/welfare facilities**, and facilitating land owners owning **90% or above** of private land within a development site to carry out consolidated development.<sup>6</sup> At the Panel meeting on 23 January 2024, the Administration briefed members on the **revised in-situ land exchange arrangements under ECNTA** ("the revised arrangements"). According to the Administration, the revised arrangements served to expedite the implementation of the Northern Metropolis and facilitate better development layouts by leveraging market forces on the premise of maintaining government-led development and safeguarding the interests of affected households.

25. Members were of the view that the Administration should explain to the public the **principles adopted in determining the designated development sites open for land exchange** and let the public know clearly

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<sup>6</sup> The Administration subsequently issued a LegCo Brief and a Practice Note on 28 December 2023 announcing the details of the revised land exchange arrangements under ECNTA which came into effect on the same day.

what sites were designated as sites open for land exchange. There was also a view that in addition to the Practice Note, the Administration should **disseminate information and details of the in-situ land exchange arrangements as early as possible** through more channels, including the dedicated website of the Northern Metropolis.

26. The Administration explained that in-situ land exchange arrangements applied only to sites planned for private developments in NDAs. The Administration would formulate and publish Outline Development Plans (“ODPs”) for each NDA to provide a comprehensive planning framework. Moreover, the Practice Note setting out the detailed arrangements for in-situ land exchange applications would be issued accompanied by plans showing the designated development sites open for land exchange in the relevant NDA.

27. Pointing out that the formulation of Outline Zoning Plans (“OZPs”) and ODPs was a time-consuming process, members opined that in order to tie in with the industry-driven policy and promote development, **the Administration should provide greater flexibility in land use planning**. In handling in-situ land exchange applications, it should review the planned zoning and give consideration to applications that met the prevailing practical social needs but might not be fully in line with the earlier planning intentions.

28. The Administration advised that the OZPs of sites in future NDAs (such as the I&T land in San Tin Technopole) would accommodate a larger range of permitted uses as far as possible to provide greater flexibility. Moreover, following up on members’ views, the Administration would study the feasibility of providing greater flexibility for land exchange applicants operationally.

29. Members noted that under the revised arrangements, if an in-situ land exchange application was filed by a land owner owning 90% or above of the private land within a designated development site, the Administration could resume the remaining 10% or less of the third-party private land and grant it to the applicant for consolidated development. In this connection, members enquired about the consultation procedures in place for the land resumption. Members were also concerned **whether the land resumption arrangements complied with Article 40 of the Basic Law on the protection of the lawful traditional rights and interests of indigenous villagers** if the third-party land involved Tso/Tong land.

30. The Administration replied that the Government’s resumption of private land (including Tso/Tong land) and development of NDAs through



land exchange were in line with the “public purpose” under the Lands Resumption Ordinance (Cap. 124). Mechanisms were in place for compensating the land owners when the Administration decided to invoke its statutory power to resume private land, and this complied with the requirement under the Basic Law to protect the right of private ownership of property in accordance with law. Moreover, in addition to consulting the District Councils on land resumption, the Administration would also handle the representations/objections filed by those who were concerned following the mechanisms provided under the law.

### Conservation and development of Lantau Island

#### *Study Recommendations for South Lantau Eco-recreation Corridor*

31. Based on the overarching principle of “**Development in the North, Conservation for the South**” embraced in the Sustainable Lantau Blueprint, the Sustainable Lantau Office of the Civil Engineering and Development Department formulated the Lantau Conservation and Recreation Masterplan in 2020, under which the formulation of a “South Lantau Eco-recreation Corridor” was recommended to further enhance the eco-recreation potential of the coastal areas of South Lantau. At the Panel meeting on 28 May 2024, the Administration briefed members on the study recommendations for **formulating the Eco-recreation Corridor in South Lantau**. In the Chief Executive’s 2024 Policy Address, it was announced that the development of South Lantau Eco-recreation Corridor would be expedited to promote the development of eco-tourism, and plans were made to invite the market to submit expressions of interest on the proposal in the first quarter of 2025.

32. Members were of the view that through adopting a **more proactive approach** in the planning of South Lantau Eco-recreation Corridor, the Administration should leverage the rich natural, historical and cultural resources of the entire Lantau Island for eco-tourism and sustainable recreational purposes, and develop Lantau Island into an integrated resort area which would serve as a new engine for Hong Kong’s tourism, thereby realizing the concept of “**Tourism is everywhere in Hong Kong**”. In this connection, members suggested that the Administration should, adhering to the “**infrastructure-led**” and **capacity-creating**” strategies of development, make strong efforts to improve the transport connectivity between North Lantau and South Lantau, so as to expand the tourism potential of South Lantau. Members were of the view that if the “two tunnels and one viaduct” option<sup>7</sup> was adopted to improve the transport connectivity between

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<sup>7</sup> The Civil Engineering and Development Department completed the “Study on Traffic, Transport and Capacity to Receive Visitors for Lantau” in June 2022.

North Lantau and South Lantau, the capacity of South Lantau to receive visitors could be greatly enhanced compared with the Administration's current estimation.<sup>8</sup>

33. Members were also concerned about the current **inadequacy of transport facilities to support the external transport of South Lantau both on land and at sea**, which had dampened the interest of local residents and tourists in visiting the area, and they put forward a number of improvement proposals. For transport on land, members suggested widening the roads in South Lantau, introducing a green transport system, increasing the number of parking spaces, and abolishing the fee charged to the public for applying for the Lantau Closed Road Permit in order to facilitate visits by car. For transport at sea, member considered that new piers should be built and existing piers should be improved (e.g. upgrading the facilities of the old pier at Tong Fuk) to facilitate tourism development on the island.

34. Acknowledging that North Lantau and South Lantau had their own unique tourism resources, the Administration advised that a feasibility study was being conducted on options to improve the road connection between North Lantau and South Lantau and the findings would be made available upon completion of the study in mid-2025. Moreover, to ensure that the ecological environment in South Lantau would not be compromised and visitors would have a better travelling experience, the development of the Eco-recreation Corridor would take into account the capacity of South Lantau, and measures to control the number of visitors (e.g. on-line reservation) would be studied vigorously. The Administration also advised that it would make proposals for improving the transport support for South Lantau taking into account the planning intention of South Lantau as a nature conservation site, and consider the various suggestions raised by members.

35. Members urged the Administration to **make proactive efforts to refine and expedite the implementation** of the various projects and measures under the proposal of South Lantau Eco-recreation Corridor.

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The study recommendations included constructing a new road tunnel in East Lantau connecting Mui Wo and the existing road/tunnel of Discovery Bay or a new road tunnel directly connecting Mui Wo and Siu Ho Wan; and constructing a new road tunnel connecting Shek Pik and Tai O in West Lantau and/or a viaduct for improving some road sections of Keung Shan Road with steep, narrow bends, thereby improving the connection between South Lantau and Tai O. The above proposals were referred to collectively as "two tunnels and one viaduct".

<sup>8</sup> The Administration estimated that after the completion and commissioning of the proposed facilities of South Lantau Eco-recreation Corridor, the daily average number of visitors to the area during holidays would increase by about 4 000, from about 2 700 at present to 6 000.

There were suggestions of pitching the relevant tourism initiatives as **high-end tourism** (such as with the construction of resort hotels and iconic facilities), and giving consideration to a **public-private-partnership approach** in taking forward some of the projects under the proposal of South Lantau Eco-recreation Corridor.

36. The Administration advised that since the publication of the Sustainable Lantau Blueprint in 2017, a number of projects of recreational and tourism facilities had been completed on Lantau.<sup>9</sup> The current proposal served to refine the above Blueprint. The Administration would secure the resources to realize its plan to commence quick-win projects within the Eco-recreation Corridor in the next one to two years.<sup>10</sup> The Administration also advised that it would adopt an innovative approach in the development of South Lantau Eco-recreation Corridor and would consider engaging the market in projects that would arouse market interest, such as high-quality holiday accommodation facilities, with a view to promoting the development of those projects as an industry and in a sustainable manner.

#### Urban renewal

37. Urban renewal has all along been a subject of concern to the Panel. At its meeting on 15 July 2024, the Panel was briefed on the **progress of the work of the Urban Renewal Authority (“URA”)**.

38. On redevelopment, members recognized URA’s efforts in promoting the rejuvenation of old urban areas. To expedite the implementation of redevelopment projects, members suggested **reviewing the compensation mechanism of “seven-year-old in the same locality”** (i.e. calculating the compensation based on the value of a seven-year-old notional flat in the same locality), and extending the arrangement of **plot ratio transfer within the same district to allow cross-district transfer**. Members also suggested updating the Urban Renewal Strategy promulgated in 2011, including **reviewing some of the existing measures** (e.g. joint sale services and the “Flat-for-Flat” arrangement) and conducting comprehensive assessment of the conditions of different old districts, followed by formulation of corresponding urban renewal strategies in the light of priority and **engagement of the market** in redevelopment.

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<sup>9</sup> Such projects included the development of mountain bike trails in South Lantau, landscape improvement works in Ngong Ping, and improvement works at Silvermine Bay Beach.

<sup>10</sup> Examples included enhancing the beach facilities at Cheung Sha, and constructing an education centre at Shui Hau and recreational spaces at Shek Pik.

39. On measures to expedite redevelopment projects, the Administration advised that it would hand the “Government, Institution or Community” sites in the vicinity of redevelopment projects to URA for joint development, making it possible to formulate projects with greater development potential and planning gains and create higher value and returns for the projects. Moreover, the Administration would explore the use of planning tools to encourage private sector participation in redevelopment (including a study on the arrangement of cross-district transfer of plot ratios with the target of putting forward a proposal in 2025) and review how individual measures under the Urban Renewal Strategy could be enhanced. However, the Administration had no intention to adjust the compensation mechanism of “seven-year-old in the same locality” at the current stage with a view to not undermining its policy objective of expediting urban renewal. The Administration intended to review the above compensation mechanism in due course and in the light of circumstances after the implementation of the proposal to lower the thresholds for compulsory sale applications under the Land (Compulsory Sale for Redevelopment) (Amendment) Bill 2023.<sup>11</sup> It was envisaged that with the lowering of the compulsory sale application thresholds, it would be easier for owners to participate in joint sale, and URA would review the arrangements of the related services in a timely manner.

40. URA advised that planning studies in different districts would be conducted, and the more feasible projects would be included in its project reserve for timely implementation. The most important long-term strategy was to carry out building rehabilitation, including encouragement and assistance to owners for carrying out preventive maintenance of buildings in good conditions, so as to alleviate the pressure on future redevelopment. For buildings that could not be dealt with through rehabilitation, URA would unleash their untapped redevelopment potential by a “planning-led” approach and maximize the attractiveness of the projects through “single site, multiple use” and strategies such as varying the tender terms, with a view to sustaining the momentum of urban renewal.

41. Members noted that URA incurred deficits of around \$3.53 billion and \$3.92 billion in the financial years 2022-2023 and 2023-2024 respectively. They were concerned about the **overall strategy URA had in place and its financial capability** to sustain its redevelopment projects amidst the rapid ageing of buildings and the downturn of the property market in Hong Kong. Members also enquired about the details of **URA’s financing plans**.

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<sup>11</sup> The Land (Compulsory Sale for Redevelopment) (Amendment) Bill 2023 was passed at the Council meeting of 17 July 2024.

42. The Administration pointed out that URA was exempted from paying land premium for its redevelopment sites, and approval was given for uplifting its borrowing limit from \$6 billion to \$25 billion, so that it would have sufficient funds to take forward its work. URA advised that in the financial year 2024-2025, it would seek financing amounting to an estimate of \$10 billion to \$15 billion through issuing bonds and banking facilities via syndicated or club loans. URA would continue to take forward the various redevelopment projects that had already commenced, and would commence other redevelopment projects in a timely manner subject to the future financial situation.

43. In view of the inability of many owners to handle the rehabilitation of old buildings on their own, in particular the “three nil” buildings,<sup>12</sup> members suggested that URA should step up its work of **promotion and assisting these owners in carrying out building maintenance and repairs**. Members also welcomed URA’s trial of a “**Joint Property Management**” model under the Kowloon City District-based Building Rehabilitation Pilot Scheme, under which arrangement was made for the owners of four old single-block buildings in the district to employ a single property management company to help enhance the management standard of the buildings concerned. The Administration took note of members’ views and advised that it hoped to institutionalize the above model on a wider scale if the trial proved to be successful.

#### Heritage conservation

44. During the 2024 session, the Panel continued to monitor the Administration’s work in conserving and revitalizing the heritage sites and buildings in Hong Kong. At its meeting on 25 June 2024, the Panel was briefed on the **latest position of implementation of various heritage conservation initiatives**.

45. Members were of the view that while conserving the historic buildings, the Administration should also seek to **revitalize** them, enhance public understanding of their **background and heritage value**, and **promote** them by leveraging channels such as online and social media and the Common Spatial Data Infrastructure. For the sake of **promoting local heritage tourism**, members also suggested that the Administration should identify and promote historic spots with tourism potential through **inter-departmental collaboration**, establish a mechanism for selecting such spots, and link up different historic spots to form tourism itineraries.

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<sup>12</sup> “Three nil” building is a general term for a building without an owners’ corporation or any residents’ organization, and not engaging a property management company.

46. The Administration advised that government-owned historic buildings were already open to the public as and where feasible. The Administration would also study ways to tap the tourism potential of these historic buildings. As for privately-owned historic buildings, the Administration would discuss with individual owners on opening up the buildings for public visits in the light of practical circumstances and study using virtual tours to allow the public to explore the buildings. Moreover, the Development Bureau (“DEVB”) would work with other government departments and public organizations (e.g. the Tourism Commission and the Hong Kong Tourism Board) to perfect the support for tourism and the promotion work (including leveraging historic buildings for development of tourism itineraries, and stepping up promotion using online and social media and the Common Spatial Data Infrastructure), so as to enhance Hong Kong’s attractiveness as a tourist destination.

47. Members were of the view that the Administration should allow **business entities** to participate in the revitalization of historic buildings, so that these buildings could be operated as sustainable businesses. Members also noted that **Financial Assistance for Maintenance Scheme on Built Heritage** (“FAS”) was launched to provide subsidies for private owners of graded historic buildings to carry out minor maintenance works. Members were concerned **how assistance was provided for owners to repair partially dilapidated historic buildings and how owners were encouraged to preserve facilities with historic value within those buildings** under FAS.

48. The Administration advised that following the launch of Batch VII of the Revitalising Historic Buildings Through Partnership Scheme (“RHBTPS”),<sup>13</sup> non-profit-making organizations were allowed to partner with non-charitable organizations to submit joint applications, so that non-charitable organizations could be involved at the application stage in developing the ideas on the operation of the historic buildings to be revitalized in the future. Furthermore, enhanced measures were introduced to FAS, including increasing the maximum grant amount, initiatives to prevent fee-diving for consultancies, and strengthening the communication with owners and consultants to resolve technical issues. Efforts would also be stepped up to proactively reach out to private owners to encourage them to apply for subsidies for maintenance.

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<sup>13</sup> RHBTPS was launched in 2008 to preserve and put government-owned historic buildings into beneficial and innovative use. At present, 24 government-owned historic buildings have been included in seven batches of RHBTPS.

49. The Administration also sought the Panel's views on the funding proposals for **two projects under Batch VI of RHBTPS (i.e. Fong Yuen Study Hall and Homi Villa)**.<sup>14</sup> The Panel had no objection to the submission of the funding proposals to PWSC for consideration, and urged the Administration to expedite the implementation of the projects.

#### Adoption of advanced construction technologies

50. The Administration briefed the Panel at its meeting on 23 April 2024 on the strategies and initiatives to **promote adoption of advanced construction technologies**, including Modular Integrated Construction ("MiC"),<sup>15</sup> digitalization of the construction industry, and strengthening the applied research and development of the construction industry. Members agreed that the adoption of advanced construction technologies was useful to the construction industry in addressing the challenges of ageing labour force and manpower shortage, high construction costs, declining productivity and construction site safety.

51. Members were concerned **how MiC could enhance the productivity and cost-effectiveness of the construction industry** (e.g. the saving in manpower and construction costs), and how the Administration would assist practitioners of the construction industry in switching to new construction technologies.

52. The Administration advised that according to a study conducted by The University of Hong Kong on two completed MiC projects,<sup>16</sup> the adoption of MiC could reduce construction time by about 30% to 50%, uplift on-site productivity by 100% to 400%, and save construction costs by at least 10% compared to traditional construction methods. The findings of the study showed that with the adoption of this construction method, the number of workers required and the corresponding wage bill would be reduced as a result of the increase in on-site productivity. It was believed that there was

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<sup>14</sup> The revitalization proposals for the two projects were as follows:

- (a) the Boys' Brigade, Hong Kong to revitalize Fong Yuen Study Hall in Ma Wan into Fong Yuen Study Hall—Experiential Learning Centre; and
- (b) National History Education (Hong Kong) Limited to revitalize Homi Villa in Tsuen Wan into Centre of National History Education Youyou Villa.

<sup>15</sup> MiC transfers the conventional on-site construction processes to factories. It adopts the concept of "factory assembly followed by on-site installation", whereby freestanding modules, including structural frames, interior fitting-outs and mechanical and electrical installations, are manufactured off-site in factories and then transported to sites upon completion for assembly.

<sup>16</sup> The two projects were InnoCell at the Hong Kong Science Park and the Disciplined Services Quarters for the Fire Services Department at Pak Shing Kok, Tseung Kwan O.

room for further reduction in construction costs as more projects adopted MiC. The Administration added that the adoption of advanced construction technologies could help alleviate the current manpower shortage in the construction industry. The Administration would also work with the Hong Kong Institute of Construction and relevant institutions to enhance training for industry practitioners, so as to drive the professionalization of MiC.

53. Members pointed out that at present, most of the projects adopting MiC were projects of the Government and public and non-governmental organizations, and not many of them involved private developments. Members urged the Administration to **improve the relevant legislation and provide incentives** to encourage private developers to adopt MiC. For example, assistance could be provided for developers in lowering the borrowing cost for projects adopting such a green building method that could help reduce carbon emissions, and gross floor area concessions could be provided for projects developed under old lease conditions and adopting this construction method.

54. The Administration pointed out that since MiC modules had to be pre-fabricated in factories, they might not meet the requirements of private developers who wished to allow flexibility in the project design and during construction so that alterations could be made readily in response to market changes. Moreover, MiC was a relatively new construction method which was still less commonly used in private developments. To spearhead the adoption of MiC in the industry, the Administration would set an example by adopting the method in a number of government projects and projects of public and non-government organizations. It had set up a cross-departmental steering committee to coordinate the development of high productivity construction methods such as MiC and the streamlining of related approval processes to remove barriers for the industry, and would consider providing gross floor area concessions for projects developed under old lease conditions and adopting this construction method.

55. Regarding the Administration's trial to incorporate Building Information Modelling ("BIM")<sup>17</sup> in the project contracts for public works as part of the tender terms, and its plan to extend the arrangement to all public works projects in 2024, members were concerned **about the readiness of the market**, so that there would not be cases of tenderers being forced out of bidding due to inability to meet the requirements, causing impact on the **costs of public works**.

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<sup>17</sup> BIM is the process of generating and managing building data during its planning, design, construction and operation stage. The process uses multi-dimensional building modelling software and unified data structure to enhance team collaboration and increase productivity.



56. The Administration advised that since most public works projects had already adopted BIM, the above arrangement would not exert pressure on the contractors involved in the projects. As for works of the private sector, the Administration planned to implement the mandatory requirement of full adoption of BIM by the sector in the preparation and submission of building plans in 2029, so the industry would have sufficient time to get ready.

#### Streamlining of development-related administrative procedures

57. **The Steering Group on Streamlining Development Control** set up under DEVB was tasked with reviewing comprehensively the developmental approval process in every aspect of the Government and rationalizing the development-related requirements imposed by bureaux/departments (“B/Ds”) on both government and private development projects, so as to expedite the land and housing development process and boost supply. The Administration briefed the Panel at its meeting on 15 July 2024 on the progress of **streamlining development-related administrative procedures**.

58. Members noted that the overarching principle of streamlining was premised on the Government having the dual roles of “**regulator**” and “**facilitator**”. Without compromising the regulatory functions of vetting departments as provided under the relevant legislative regimes, the Administration’s goal was to establish a **simpler, faster and more predictable process for development**. DEVB issued a circular to all B/Ds involved in processing development-related applications to stress the importance of a “facilitator” mindset. It set out the guiding principles and good practices and called for the institutionalization of the facilitating measures. Members were concerned about the effectiveness of these measures and considered that **specific mechanisms and measures** should be put in place to motivate officials to change their mindset. Failing that, the effects of streamlining administrative procedures would be elusive.

59. The Administration advised that the circular sought to elucidate the direction of change in both culture and mindset when officials processed development-related applications. In particular, it was highlighted that while safeguarding the standards underlying development control, B/Ds needed to consider from the applicant’s perspective and put in place measures to facilitate the process, so that the development project could be brought to early fruition.

60. The Administration further advised that one of the good practices set out in the circular was the setting of a performance pledge on the processing time of applications. There would also be review from time to time on the requirements under the Practice Notes and development-related procedures to tie in with the prevailing development needs. On coordinating the stance of departments, the circular proposed setting up a pre-submission enquiry/workshop mechanism to allow the applicant to seek the views of different B/Ds. DEVB had set up a number of offices to coordinate the work of different departments.<sup>18</sup> The circular also called on B/Ds to set up an internal mechanism for processing officers to escalate unresolved issues to the higher level for steer. The Administration would hold regular meetings with stakeholders (including the joint subcommittee set up under the Land and Development Advisory Committee that comprised representatives from professional bodies and the industry) to inform them of the implementation progress of the policy directions set out in the circular.

61. There was a view that government officials should not only play the role as a “facilitator”, but should also have the mindset of **considering the full picture** and **keeping abreast of the times** to push forward development. The Administration should also permit **self-certification** by professionals in more construction processes to enhance the efficiency of vetting and approval.

62. The Administration advised that the circular called on B/Ds to devise a mechanism to encourage the adoption of innovative ideas and examine whether self-certification could be applied to approval work, so as to share out the Government’s workload in processing cases. If so, the Administration would issue the relevant Practice Note for the industry to refer to.

### Legislative proposals

#### *Progress of preparatory work for taking forward the legislative amendment proposals for the Protection of the Harbour Ordinance (Cap. 531)*

63. Since the Administration briefed the Panel in March 2023 on the proposals in relation to the amendment of the Protection of the Harbour Ordinance (Cap. 531) (“PHO”), a public engagement exercise spanning several months was conducted. At the Panel meeting on 25 June 2024, the Administration briefed members on the progress of the preparatory work for

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<sup>18</sup> Examples included the Development Projects Facilitation Office to expedite the vetting and approval of large-scale private residential projects, and the Northern Metropolis Co-ordination Office to drive the development of the Northern Metropolis.

taking forward the legislative amendment proposals. Members **generally supported the directions for the legislative amendments** proposed by the Administration, as well as the **fine-tuned legislative amendment proposals** in response to the views received during the public engagement exercise. The Administration planned to submit the amendment bill on PHO to LegCo within 2024.

64. According to the Administration, the intention of the legislative amendments was to improve harbourfront connectivity, and to enhance the harbourfront areas for public enjoyment or to strengthen harbour functions. In this connection, members enquired **whether the Government's policy intention that reclamation would not be carried out in the harbour to provide land for sale or housing development would be stipulated** under PHO.

65. The Administration advised that according to PHO, reclamations in the harbour were subject to the "presumption against reclamation". The Administration had also made it clear on various occasions that it would not carry out large-scale reclamations in the harbour for development, such as housing, commercial or industrial developments. When making the relevant decisions, the Chief Executive in Council would certainly refer to the above policy intention, and the Administration had no intention to have it stipulated separately under PHO.

66. Under the Administration's current legislative amendment proposals, for harbour enhancement works falling within the 14 categories of structures, features or devices specified under the new Schedule to PHO, the reclamations involved could be exempted from the presumption against reclamation as long as the area relating to the reclamation did not exceed 0.8 ha and approval was obtained from the Financial Secretary, so as to facilitate the implementation of the works. Members enquired whether the legislative amendment proposals would include imposing **regulation on the shape of the reclamation areas** to prevent them from extending excessively to the centre of the harbour, or imposing a **limit to the total number of such structures, features or devices** to prevent the excessive proliferation of similar facilities at the harbourfront.

67. The Administration advised that the legislative amendment proposals would prescribe the relevant limit to the area, but it had no intention to restrict the shape of the reclamation area or the number of specified structures, features or devices, so that an appropriate degree of flexibility could be retained. In deciding whether to grant the exemption, the Financial Secretary would take into account factors such as whether the works were in the public interest.

68. Under the Administration's current legislative amendment proposals, the total duration limit for each non-permanent reclamation eligible for exemption from the presumption against reclamation was set at a maximum of seven years. The reclamation proponent was also allowed to make application to the Financial Secretary for a one-time extension for a period of not more than one year. Members were concerned about the Administration's **monitoring on non-permanent reclamations** to ensure that the works involved could be completed on time. They also suggested specifying under PHO the follow-up actions required if the reclamation proponent failed to complete the non-permanent reclamation on time, and introducing **deterrent penalties** for such cases.

69. The Administration advised that in order to strengthen the monitoring of the progress of non-permanent reclamation works and enable early awareness and intervention by the Administration, administrative measures would be introduced to require reclamation proponents to submit progress reports annually. In further finalizing the amendment proposals, the Administration would also take into account the various suggestions raised by members regarding the follow-up actions required in the case of non-completion of non-permanent reclamations on time and introducing deterrent penalties.

Meetings held by the Panel and other funding/staffing proposals and subjects discussed

70. **From 16 January to 26 November 2024, the Panel held a total of 10 meetings.** During the period, apart from the funding proposals mentioned in the preceding paragraphs, the Panel also discussed funding proposals for other Public Works Programme items. These projects included: funding applications for HSK/HT NDA; site formation and infrastructure works for public housing development at Ngau Chi Wan Village, Wong Tai Sin; drainage improvement in Mong Kok, Wong Tai Sin, Kwun Tong, Kowloon City, Eastern District, Sha Tin and Sai Kung, and Tai Po; relocation of Sha Tin Sewage Treatment Works to caverns; and Tung Chung New Town Extension—Site formation and infrastructure works (Second Phase).

71. The Administration also consulted the Panel on a staffing proposal to convert a supernumerary D1 post (Chief Building Surveyor/Chief Structural Engineer) into a permanent post in the Buildings Department. Other subjects discussed by the Panel included the extension of the arrangement for charging land premium at standard rates for lease modifications, enhancement of the implementation arrangements of building

maintenance programmes, proposals for promoting elderly friendly building design, the development proposal of Ngau Tam Mei, and the progress of work by the Sustainable Lantau Office in taking forward initiatives on Lantau Island.

72. At the **Panel meeting scheduled for 18 December 2024**, the Panel will be briefed on the proposals to amend the Buildings Ordinance (Cap. 123). The Administration will also consult members on the funding submission for Capital Works Reserve Fund block allocations for 2025-2026.

Subcommittee to Study Policy Issues Relating to the Harbourfront

73. **The Subcommittee to Study Policy Issues Relating to the Harbourfront** (“the Subcommittee”)<sup>19</sup> set up under the Panel held two meetings during the period from January and April 2024 to discuss the operation and management modes of the harbourfront sites, and the potential harbour improvement works proposed to be pursued after the completion of the legislative amendment exercise of PHO. The Subcommittee completed its work in April 2024 and submitted a report to the Panel in June of the same year.<sup>20</sup>

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<sup>19</sup> The Subcommittee commenced work in May 2023. It held three meetings and conducted one local duty visit during the 2023 session.

<sup>20</sup> Please refer to the Subcommittee’s [report](#) for details.

## **Appendix 1**

### **Legislative Council**

#### **Panel on Development**

##### **Terms of Reference**

1. To monitor and examine Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Panel on Development**

**Membership list for the 2024 session**

**Chairman** Ir Dr Hon LO Wai-kwok, GBS, MH, JP

**Deputy Chairman** Hon Andrew LAM Siu-lo, SBS, JP

**Members** Hon Mrs Regina IP LAU Suk-ye, GBM, GBS, JP  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon Frankie YICK Chi-ming, GBS, JP  
Dr Hon CHAN Han-pan, BBS, JP  
Hon LAU Kwok-fan, MH, JP  
Hon Kenneth LAU Ip-keung, SBS, MH, JP  
Hon Tony TSE Wai-chuen, BBS, JP  
Hon Stanley NG Chau-pei, SBS, JP  
Prof Hon CHOW Man-kong, JP  
Hon LAM So-wai  
Hon YIU Pak-leung, MH, JP  
Dr Hon Wendy HONG Wen  
Hon Edward LEUNG Hei  
Hon CHAN Yuet-ming, MH  
Hon CHAN Hok-fung, MH, JP  
Ir Hon Gary ZHANG Xinyu  
Hon TANG Ka-piu, BBS, JP  
Hon Louis LOONG Hon-biu

(Total: 20 members)

**Clerk** Ms Connie HO

**Legal Adviser** Ms Vanessa CHENG