

27 April 2017

Mr Eric MA Siu Cheung, JP
Secretary for Development
Development Bureau
18/F, West Wing
Central Government Offices
2 Tim Mei Avenue, Tamar, Hong Kong

Dear *Eric,*

Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030

1. The Chamber is pleased to comment on the Government's proposals under the updated masterplan "*Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030*". Our views on Hong Kong's future planning, land and infrastructure development as well as the built and natural environment beyond 2030 are set out as under.

Planning

2. We welcome the Government's human-centric approach in planning new towns and new development areas. The proposed East Lantau Metropolis ("ELM") is intended to achieve work-life balance for the local populace by locating jobs in close proximity to their place of residence. Accruable benefits include a reduction in daily commuting times, development of self-contained communities, and the alleviation of traffic congestion and air pollution problems.

3. Despite the foregoing advantages, the effectiveness of implementing a decentralized town planning model is largely unknown. According to the Government, a certain (often sizeable) number of new jobs would be created in these locales. There is however little evidence to support the notion that "if you build it, they will come", that is, businesses would (re-)locate to the new development areas as intended. While the creation of new supply may give rise to demand, it does not necessarily occur in the newly developed locations which are not actively sought after by the vast majority of businesses. From past experience, MNCs, financial institutions, professional services firms, big corporates as well as many other trades generally prefer to be situated in or as close as possible to the prestigious Central/Admiralty area despite the super high rentals. As such, even when ELM may make a lot of economic sense owing to the expected lower operating cost, the appeal of the location is doubtful. It would therefore be helpful

for the business community to understand the assumptions that underpin the viability of ELM vis-à-vis other alternatives. In this connection, a detailed cost-and-benefit analysis would be useful.

4. Assuming that ELM does have merits based on present-day conditions, the Government may want to consider adopting an incremental approach to development given that the market tends to evolve sporadically rather than in a linear fashion. A gradual approach has the advantage of providing flexibility and minimizing the risk of over-development and over-investment due to unanticipated or sudden deviations in economic, population and other trends. It is notable that while the consultation document acknowledges the inherent difficulties with forecasting, it does not offer contingency measures should unexpected material changes occur. We believe that it would be useful to have in place alternatives that the Government could fall back on in response to “black swan” events.

5. We note the Government’s ambitious vision to build a better Hong Kong as set out in “*Hong Kong 2030+*” and two recent planning documents, namely, “*Hong Kong Smart City Blueprint*” and “*Hong Kong’s Climate Action Plan 2030+*”. It is however unclear how these plans can be achieved given the inherent contradictions between the proposed building and infrastructure projects in the first two and the carbon constraints set out in the last. In order to translate such visions into action, the business community will need to better understand the direct impact on the built environment, particularly future standards for new buildings and retrofits. To that end, the Government should review and update buildings and construction laws, including buildings energy regulations, to meet the needs of a future smart and resilient city in a transparent and predictable manner.

Land supply and use

6. The continuous supply of land resources has been crucial to Hong Kong’s success and prosperity. Presently, the insufficient land supply is believed to be one of the root causes for social discontent, because of the resulting high housing prices and costs of doing business. We therefore appreciate that the Government has taken a multi-pronged approach in enhancing land supply in recent years to meet diverse land use purposes. In addition to the continuation of expediting the process of identifying brownfield sites including abandoned agricultural land, land in degraded areas and land at the fringe of built-up areas in the New Territories for land use modifications, it would be useful if the Government could provide detailed information on their location, quantity, distribution pattern, land ownership, current and expected future land use for public scrutiny. This would help the private sector in devising development priorities and corresponding strategies that are supported by the public.

7. We are not averse to reclamation but consider this to be a last resort only after all options of finding new land supply have been exhausted. The re-purposing of brownfield sites represents a viable alternative although there are challenges associated with land resumption. In addition to existing building design codes that are too restrictive, our planning, zoning and land use codes as well as fire services and other related requirements are not in sync with the current market conditions and economic development. These have had the effect of deterring investments in the conversion of flatted factories and other underutilized spaces that could otherwise be freed up to meet

market needs. A review, in consultation with stakeholders, is therefore needed. Moreover, the national Belt and Road strategy and more recently the announcement of Premier Li Keqiang at NPC and CPPCC 2017 Annual Sessions in respect of developing a Greater Bay Area should be factored in when preparing the blueprint of the 2030+ proposal. In other words, we should take into consideration the strategic planning of our neighbouring jurisdictions, including Guangzhou, Shenzhen and Macau, in devising our own plans.

8. To strengthen the competitiveness of our logistics and trading sectors, a major economic pillar of Hong Kong, the Government may wish to expedite the implementation of proposals for enhancing the use of port back-up land in the Kwai Tsing area. A comprehensive plan to consolidate some port facilities including storage facilities currently situated in close proximity to the port so as to enable continuous business operation of the maritime, port and logistics industries is also called for.

Infrastructure planning and development

9. Railway should continue to provide the backbone for intra-city transport, but a comprehensive and efficient transport network also needs to involve other transport modes and ancillary facilities. Complementary infrastructures and facilities, such as adequate parking space and road-based public transport that serve as spokes to the hub of railway stations, should be included in the transport infrastructure plan to facilitate mobility.

10. Under the *Railway Development Strategy 2014*, a master plan was drawn up for the expansion of Hong Kong's railway network up to 2031. Should plans for Hong Kong 2030+ go ahead, the need to review the carrying capacity of existing and proposed railways lines and extensions is called for so that they are capable of meeting demands beyond. In that connection, it would be useful if the Government could provide detailed information and statistics to inform the public how these two master plans could align with each other and to justify how our built environment and transport network could be developed with additional capacity to support Hong Kong's future growth.

11. Cost over-runs and project delays with public works have become quite common in recent years. Examples include such mega projects as the Hong Kong-Zhuhai-Macao Bridge, Guangzhou-Shenzhen-Hong Kong Express Rail Link and Shatin to Central Link. The Government may need to take a more active and direct role in monitoring milestone progress, controlling operation costs and managing downstream contracts, and plan for other alternatives such as public-private partnerships or private financing for future mega infrastructure projects.

Role of technology in planning

12. Innovation and technology is shaping the world and our workplace. While enterprises are innovating their workplace, work style and work culture, for instance the adoption of flexible working hours and home office, to cater for the needs of their 21st century employees, the Government may need to consider the increasingly important roles played by innovation and technology in town planning and engage with industry players to improve ICT infrastructures, facilities and services, particularly in remote areas of the city, to accommodate such development.

13. Aiming at developing innovation and technology, the Government has been establishing platforms and conditions conducive to promoting innovation and technology, and collaboration across economic sectors, growing a healthy tech ecosystem and forging business linkages between startups and other market players. As aforementioned, we should capitalize on the opportunities arising from Mainland China and neighboring jurisdictions. The proposed Lok Ma Chau Loop project represents a positive development. We urge the Government to take a proactive role in working closely with its Shenzhen counterpart to foster the development of the innovation and technology industries to our mutual benefit.

A green, smart and liveable city

14. It is encouraging that the Government is planning to build more parks and open spaces, increase per person spatial standard of Government, Institution and Community (“GIC”) facilities¹, and provide cycle tracks, boardwalks and pedestrian trails to promote walking and cycling in the city. While more open spaces and community facilities are welcome, efforts should be directed towards increasing living space per capita in Hong Kong if we truly want to improve the quality of life in the city. To that end, we look to the Government in harnessing technology to develop Hong Kong into a smart and liveable city² that is comparable to other smart cities in the world where smart metering, sewerage, water and cooling systems, smart buildings, green transport, intelligent transport system, smart car parking and vehicle charging facilities in neighborhood have already been deployed to some extent to the benefit of local residents.

15. Although the Government has proposed to set up a dedicated Harbour Office to provide support to the existing Harbourfront Commission, we would like to reiterate the importance of establishing a Harbourfront Authority with independent powers and authority to oversee the planning, development and management of Hong Kong’s shoreline. We urge the Government to revisit the idea of establishing a fully-fledged Harbourfront Authority that does not necessarily have to be subsumed under the proposed development masterplan.

Talent and labour supply

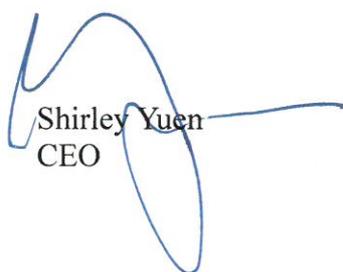
16. Last but not least, the ongoing issue of a chronic labour shortage in the construction industry could adversely impact the implementation of the masterplan. From 2016 to 2020, the industry will be facing a labour shortfall of some 10,000 to 15,000 skilled workers. In addition, more than 40% of the construction workers will be aged 50 or above. To complicate matters, the labour pool is expected to shrink from 2018 onwards due to aging, and there will be competing demands from other mega infrastructure projects and housing projects involving some 480,000 units over the next decade. Meanwhile, the Lok Ma Chau Loop is expected to generate some 55,000 job opportunities. However, considering the current stream of some 5,000 STEM students

¹ The new targets of 3.5M² of GIC land per person and minimum of 2.5M² of open space per person are welcomed.

² The Chamber’s views in response to Smart City consultations have been sent to the Government in separate papers available at <https://www.chamber.org.hk/FileUpload/201701061733026748/Developing%20Kowloon%20East%20into%20a%20Smart%20City%20District%20-%20Feasibility%20Study.pdf> and <https://www.chamber.org.hk/FileUpload/201702161547599856/The%20Blueprint%20HKGCC%2015%20Feb%20For%20website.pdf>

graduating each year and the majority of them being absorbed by other industries such as finance, do we have enough talent to fill those jobs created? Understandably, there are concerns whether existing talent and labour supply is sufficient and sustainable to meet long-term planning needs. This is a real problem that the Government and the community will have to confront. We suggest that a comprehensive labour supply gap analysis be conducted to enable the formulation of a holistic workforce plan for the future development of Hong Kong. In fact, there is a need to constantly monitor our development plans to ensure that they are useful in and conducive to helping Hong Kong remain relevant as a world-class city in terms of providing quality hardware and software, as well as in generating opportunities to attract not only talent, but also investment, international events and visitors.

Yours sincerely,



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