

21 June, 2013

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Mr Chan Mo Po, Paul, MH, JP
Secretary for Development
18/F, West Wing, Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

Dear Paul,

Enhancing Land Supply Strategy: Stage 2 Public Engagement Exercise

The Chamber welcomes the Government's initiative to enhance land supply using a multi-pronged approach to meet the short, medium and long-term needs for Hong Kong's future development.

2. **The prolonged insufficient land supply in Hong Kong has been the main culprit behind the property market imbalance**, resulting in soaring property prices and rentals. While agreeing with the general direction of bringing more land to the market, we believe that the Government should not focus solely on building up the land reserve for future development. Instead, the Government should produce **a more comprehensive land supply roadmap, laying out detailed supply for various uses and taking into consideration the development of infrastructure and other ancillary facilities in the long, medium and near terms.**

3. As pointed out in previous Chamber submissions, the introduction of any major government policy often requires **a holistic approach involving joined-up efforts of relevant policy bureaus, especially in the planning stage, to ensure alignment of various policy measures.** In this event, land supply, town planning, and railway and other infrastructure developments should all be considered in the master plan.

4. **Where policy preferences take priority, the Government should specifically designate plots for identified purposes such as marine development, logistics, hotel construction, small retail establishments or affordable housing.** In particular, the planning of residential land uses should account for the growing housing demand of various groups of people such as new immigrants, working expatriates, singletons, couples, aged cohorts and residents returning from the Mainland China. In order to maintain the competitiveness and sustainability of our economy, the Government should devise a carefully crafted master plan to expand office and retail space so that Hong Kong remains an attractive place for companies, both domestic and overseas, which could locate an ample range of properties for setting up offices and doing business.

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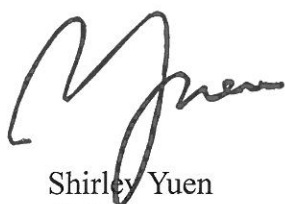
5. While the Government has identified several potential reclamation and rock cavern development sites and a broad-brush mentioning of opportunities and threats of those sites in this Stage 2 consultation exercise, **no detailed quantitative analysis** has been provided. In fact, throughout the consultation on enhancing land supply strategy (both Stages 1 and 2), we have been unremittingly requesting the Government to provide us with the respective costs of the proposed land supply options, as well as the related financial and non-financial implications. Unless such detailed information is available, a meaningful and informed comparison of the different options cannot be made.

6. We are of the views that **the Government should provide a cost and benefit analysis of the proposed alternatives to assist the public in evaluating the viability of the options**. The analysis should cover not only the costs of land reclamation, rock cavern and artificial island development, but also the costs on developing related transport networks, support facilities and amenities as well as other financial and non-financial implications. The Chamber has consistently recommended that major policies should be implemented only after thorough analyses to demonstrate clearly benefits outweighing costs. After all, the expenditure of every single public dollar should be justified even when we have a huge reserve in the public coffer.

7. **To address the short-term need for residential and commercial developments, the Government should consider in more proactive and innovative manners with regard to rezoning industrial land and relocating government facilities to release land resources, as well as redeveloping old public housing estates with an enhanced plot ratio to increase housing supply**. This should relieve the pressure on land reclamation and artificial island development, allowing time for the Government to conduct comprehensive feasibility studies, economic analyses and environment impact assessments before embarking on the projects. Going one step further, the Government may wish to consider **rezoning not only industrial uses but also creatively other uses into residential and commercial uses** to deal with the acute problem of insufficient land.

8. The Chamber is in support of the Government's adoption of a long-term approach for land supply to meet the future growth of Hong Kong. It is really important that relevant bureaus and departments of the Government work hand in hand to address the issues related to enhancing the supply of land, housing and commercial space together.

Yours sincerely,



Shirley Yuen
CEO

cc: Mr Hon Chi Keung, JP, Director of Civil Engineering and Development Department and Commissioner of Mines