

Budget Speech by the Financial Secretary (9)

Building a Liveable City

Optimise Land Use

Land Supply

127. The 2021-22 Land Sale Programme comprises a total of 15 residential sites and three commercial sites, capable of providing about 6 000 residential units and about 480 000 square metres of commercial floor area respectively. With the residential sites under the Land Sale Programme, together with railway property development projects, private development and redevelopment projects and the Urban Renewal Authority's projects, the potential land supply for the whole year is expected to have a capacity of providing about 16 500 units. The Secretary for Development will later announce the details of the Land Sale Programme for the next financial year.

128. The construction of Kwu Tung North/Fanling North new development areas (NDAs) is making good progress. The intake for the first batch of public housing in Kwu Tung North is expected to take place in 2026, one year earlier than originally planned. Private residential sites in the area will be tendered gradually. The 12 hectares of private land involved in the first phase of the works for Hung Shui Kiu/Ha Tsuen NDA has been resumed as scheduled. Site formation and infrastructure works are underway. As for the Yuen Long South development, we are going through the statutory planning process. The first batch of public housing units will be completed in 2028. We will seek funding approval from the LegCo for studies related to the New Territories North NDA within this legislative session. The studies will commence shortly afterwards.

129. The first two parcels of housing land under the Tung Chung East reclamation works were handed over to the Hong Kong Housing Authority for public housing development last year. The first intake for about 10 000 public housing units will take place in 2024.

130. We estimate that in the NDA projects and other government and private development projects under planning, there is a total of over 860 hectares of brownfield sites in the New Territories which can gradually be redeveloped for housing and other land uses.

131. Over the past few years, we have identified 210 sites with potential for housing development. Rezoning has been completed or commenced for 70 per cent of them. It is estimated that about 40 per cent of the public housing units to be completed in the next ten years will come from the rezoned sites.

132. We are examining the feasibility of rezoning five commercial sites in Kowloon East for residential use taking into account the latest economic

situation and market response. If confirmed feasible, we plan to initiate the relevant statutory town planning procedure this year. A total of about 5 800 private housing units can be provided according to our preliminary estimation.

133. The Mass Transit Railway Corporation Limited and government departments are pressing ahead with the development of the Siu Ho Wan Depot Site. Our target is to have the first batch of about 6 000 public and private housing units gradually ready for intake in around 2030. Upon completion of the whole project, about 20 000 units will be provided, about half of which will be public housing units.

134. We plan to conduct later this year district consultations on two “single site, multiple use” projects, namely the redevelopment of Tuen Mun Clinic and the joint-user building for community facilities at Shan Mei Street in Shatin. Besides, we will apply funding from the LegCo as soon as possible for three other projects, namely one at the former Anderson Road Quarry site, one in Tseung Kwan O town centre and the other one near Sheung Wan Fire Station. In addition, we are reviewing about 40 “Government, Institution or Community” sites with joint use potential. We hope to put forward concrete proposals for these sites this year, including developing multi-purpose public facility buildings.

135. The DEVB has set up the Development Projects Facilitation Office to facilitate the processing of planning, lease modification and building plan applications, etc. for private residential development projects with a yield of 500 flats or more by enhancing co-ordination among the departments involved.

136. The DEVB and the Lands Department will introduce a pilot scheme for charging land premium at “standard rates” in this quarter to encourage redevelopment of industrial buildings.

Housing Supply

137. We have identified land for the provision of 316 000 public housing units in the coming ten years. With the redevelopment of Hong Kong Housing Authority’s factory estates, the number of public housing units may see further increase. It is estimated that the total public housing production in the five-year period from 2020-21 is about 101 400 units, comprising over 70 000 public rental housing and Green Form Subsidised Home Ownership Scheme units and over 30 000 other subsidised sale units. On private housing, it is estimated that the completion of private residential units will average over 18 000 units annually in the five years from 2021, representing an increase of about five per cent over the annual average of the past five years.

138. The Government has already identified land for the provision of about 14 000 transitional housing units by end-2023. Intake of residents for over 1 100 units has taken place. Projects involving about 9 800 units have been launched. The \$5 billion Funding Scheme to Support Transitional Housing Projects has approved projects involving over \$2.6 billion, and the Government will inject another \$3.3 billion this year. The Government is

also seeking funding from the Community Care Fund to subsidise NGOs, as a pilot scheme, to rent suitable rooms in hotels and guesthouses with relatively low occupancy rates for use as transitional housing.

Green City

139. The Government strives to achieve carbon neutrality before 2050, and will update Hong Kong's Climate Action Plan in the middle of this year to set out more proactive strategies and measures to reduce carbon emissions. We are setting an example by implementing the Green Energy Target to boost the overall energy performance of the Government by six per cent by 2024-25. Concurrently, the Government will continue to promote new energy transportation so as to further reduce roadside air pollution.

Promote New Energy Transportation

140. The Government has all along been promoting the replacement of conventional fuel-propelled private cars (PCs) with electric vehicles (EVs). Last year, one out of eight new PCs is EV. In the past ten years, the number of EVs increased from 184 to over 18 500, with the total number of electric private cars (e-PCs) accounting for 2.7 per cent of the total number of PCs in Hong Kong. The "One-for-One Replacement" Scheme provides a higher first registration tax (FRT) concession for owners who buy a new e-PC and scrap their eligible old PC, subject to a cap of \$250,000. Since its launch, 90 per cent of the owners of first registered e-PCs have benefited from the Scheme. The FRT concession for general e-PCs is \$97,500.

141. The Government launched the \$2 billion EV-charging at Home Subsidy Scheme in October last year. It is expected that about 60 000 parking spaces in existing private residential buildings will be provided with EV charging-enabling infrastructure under the scheme in three years. Since the introduction of the scheme, applications involving more than 50 000 parking spaces have been received.

142. Last year, the Government allocated an additional funding of \$800 million to the New Energy Transport Fund and expanded its funding scope to cover additional types of electric commercial vehicles. As at end-2020, the amount of subsidy granted under the Fund was \$154 million, covering nearly 200 projects on electric and hybrid commercial vehicles as well as conventional buses and ferries. Moreover, the Government earmarked \$80 million for green public light bus (PLB) operators to embark on a pilot scheme on electric PLBs from 2023. Meanwhile, the Government also earmarked \$350 million to provide subsidies for ferry operators to conduct trials on electric ferries serving in-harbour routes of the Victoria Harbour from 2023.

143. The Environment Bureau will announce next month Hong Kong's first roadmap on the popularisation of EVs, setting out long-term policy objectives and plans on the use of EVs and their associated supporting facilities. The key measures include ceasing the new registration of fuel-propelled PCs in 2035 or earlier, expanding the EV charging network and promoting its marketisation, training of EV technical and maintenance practitioners, and formulating a Producer Responsibility Scheme for retired EV batteries. The

Government will also take the lead to use more EVs.

Improve Air Quality

144. To further improve air quality, the Government has implemented an exâ€‘gratia payment scheme of \$7.1 billion to phase out about 40 000 Euro IV diesel commercial vehicles by end-2027. The Government will finish updating the Clean Air Plan for Hong Kong by the middle of this year to set out long-term goals and devise measures to further improve air quality.

Relieve Traffic Congestion

145. The number of PCs has been on the rise. Traffic congestion has been aggravating. The FRT and the vehicle licence fee for PCs have not been adjusted since 2011 and 1991 respectively. I propose increasing the rate of each tax band for the FRT for PCs (including e-PCs) by 15 per cent and the vehicle licence fee by 30 per cent . The above-mentioned adjustments have been gazetted for taking effect today. Other types of vehicles are not affected. The maximum FRT concession for e-PCs under the “One-for-One Replacement” Scheme will be raised correspondingly to \$287,500, while the FRT concession cap for general e-PCs will remain unchanged. The Transport Department will also continue the studies on “Congestion Charging” and the Electronic Road Pricing Pilot Scheme in Central with the aim of optimising the use of road space and relieving traffic congestion.

Decarbonise and Reduce Waste

146. In addition to the resources earmarked in previous Budgets, I will set aside an extra \$1 billion for more than 80 projects to install additional small-scale renewable energy systems at government buildings and infrastructure. I will also set aside \$150 million to conduct energy audits and install energy-saving appliances, free of charge, for NGOs subvented by the Social Welfare Department. In addition, the Green Tech Fund, set up with an allocation of \$200 million by the Government, has just closed the first round of applications. The result is expected to be announced in the middle of this year. All these measures can help Hong Kong advance towards its carbon neutrality target, and will also create jobs.

147. The Government will inject an additional funding of \$1 billion to the Recycling Fund and extend the application period to 2027 so as to render continuous support to the trade, particularly the SMEs, in enhancing its operational capabilities and efficiency as well as coping with the latest needs of both the local and non-local markets. It is expected that more than 1 000 businesses will benefit from the measure.

(To be continued.)