

LCQ4: Operations on brownfield sites

Following is a question by the Hon Lo Wai-kyok and a reply by the Acting Secretary for Development, Mr Liu Chun-san, in the Legislative Council today (Jan 15):

Question:

A report of the Study on Existing Profile and Operations of Brownfield Sites in the New Territories, published by the Planning Department in November last year, pointed out that there were 7 373 active brownfield sites throughout the territory, involving an area of around 1 414 hectares and providing about 52 000 jobs. The authorities have indicated that they would assist brownfield operators affected by government development projects to identify alternative sites for reprovisioning of their business, including reserving, in major development projects, sites suitable for the development of multi-storey buildings (MSBs) or open-air sites for reprovisioning of such brownfield operations. In this connection, will the Government inform this Council:

(1) whether it has assessed if the reserved sites suitable for the development of MSBs would be sufficient for accommodating the brownfield operations concerned, and whether it has reserved sufficient open-air sites for accommodating those brownfield operations which cannot be reprovisioned in MSBs, in particular those indispensable operations (e.g. storage of construction materials or large construction machinery); if so, of the details; if not, the reasons for that;

(2) whether it has assessed the number of brownfield operations that will be forced to close down upon resumption of the relevant brownfield sites by the Government; if so, of the details and the industries involved; if not, the reasons for that; and

(3) whether it has, having regard to the findings in the aforesaid report, carried out detailed planning for the consolidation of brownfield operations; if so, of the details; if not, the reasons for that?

Reply:

President,

Utilising brownfield sites for higher-density housing or developments can unlock the development potential of land in the New Territories. However, as 90 per cent of brownfield sites are used for economic activities supporting different industries, brownfield operations have to be properly tackled in the course of pursuing developments on brownfield sites.

According to the Government's prevailing policy, eligible brownfield operators affected by clearances under the Government's development

programmes may receive ex-gratia allowances, or make statutory claims for compensation. The Finance Committee approved in July 2018 an arrangement which significantly enhances ex-gratia compensation for affected brownfield operators.

As brownfield operations are business initiatives, their search for operating space is a market behaviour. As in the situations of other affected business operators, the Government's fundamental policy is to provide monetary compensation for eligible business operators to assist them in making their own arrangements upon clearances, instead of providing "one-on-one" re-provisioning arrangements for the affected business operations. In fact, given the land scarcity, it is unrealistic to expect the Government to offer "one-on-one" re-provisioning in the course of pursuing developments on brownfield sites.

That said, at a macro planning level, the Government is reserving land or floor space to support the sustainable development of relevant industries, including brownfield operations which are in demand in our economy but need to relocate. In addition to the land respectively reserved in Hung Shui Kiu / Ha Tsuen (HSK/HT) and Yuen Long South (YLS) New Development Areas (NDAs) of 61 and 11 hectares for logistics facilities, port back-up, storage and workshops, we will continue to identify large land parcels with good accessibility and infrastructure in major development projects to provide space for brownfield operations. In this connection, we will brief the Panel on Development on the Lung Kwu Tan near-shore reclamation project on January 20. The recommendations also include supplying land for concentrated, orderly, and more land-use-efficient accommodation for brownfield operations.

My reply to the various parts of the question raised by the Hon Lo Wai-
kwok is as follows:

(1) According to the Study on Existing Profile and Operations of Brownfield Sites in the New Territories (Brownfield Study) promulgated earlier by the Planning Department (PlanD), 63 per cent of brownfield operation respondents said they would find alternative sites to continue operation upon clearances. 43 per cent of the respondents said that they saw the need to operate in open-air sites. In this regard, most of the 72 hectares of land reserved in HSK/HT and YLS NDAs will be used for development of multi-storey buildings (MSBs), and the remaining area may be used for open storage. As the plot ratio of the land used to develop MSBs range from 5 to 7, it will help compensate for the reduction in industrial floor space due to development of brownfield sites.

Apart from the open storage land reserved in the NDAs, affected brownfield operators who are unable to relocate their businesses to MSBs may also consider other areas zoned "Open Storage" in the New Territories (Note 1). In addition, if the site identified for relocation is under another zoning, the affected brownfield operators may submit a planning application to the Town Planning Board (TPB). The Development Bureau will co-ordinate relevant departments in advising the applicants from the planning and land perspectives and help expedite processing of applications by the TPB in

accordance with the Planning Guidelines No. 13E (Note 2). The PlanD is reviewing the "Planning Guidelines No. 13E" with reference to the results of the Brownfield Study, and is seeing how to guide the relevant industries to operate in suitable sites to avoid proliferation of brownfield operations.

(2) According to the Brownfield Study, 10 per cent of the brownfield operator respondents said that they would terminate their businesses upon clearance.

Brownfield sites within various NDA projects are accommodating different industrial operations, which have been relying on the low rent for years. Consolidating these operations into MSBs will drive up the rental costs of operators, posing pressure on traditional or lower-margin industries which may even be phased out. Development and operation of MSBs under a market-led approach may not, on its own, address the needs of all brownfield industries. Therefore, when considering leveraging the use of market forces to develop MSBs, we will also study whether and how to introduce appropriate conditions, such as land user restriction, tenant selection and rental requirements, to ensure that the commissioned MSBs can cater for the actual operation of brownfield industries in future. To this end, Government will launch a market sounding exercise shortly to ascertain the market interest towards developing and operating MSBs for key brownfield businesses under different scenarios involving different contractual requirements and tender conditions. We hope to brief the Panel on Development by mid-2020 on the findings and way forward.

(3) In sum, we are following three main directions in the work of land use planning to consolidate brownfield operations. First, we will continue our land use reviews and implement the planned use after rezoning. This will include spearheading the NDA projects in full steam. Apart from meeting housing needs, the newly developed land can also supply large land parcels for consolidating brownfield operations in a more land-use-efficient manner. In addition, we will continue to reserve land for brownfield operations in other major development projects, such as Lam Tei Quarry, the New Territories North NDA, and Lung Kwu Tan near-shore reclamation just mentioned.

Second, we will formulate the development and operation models of MSBs with reference to the results of the marketing sounding exercise and the operational needs of the related industries, so that brownfield operators may re-establish their businesses in MSBs in future and enhance the land-use efficiency.

Third, as mentioned above, the PlanD is reviewing the "Planning Guidelines No. 13E" to consider how to channel brownfield operations to more appropriate locations if they are unable to move into MSBs.

Thank you, President.

Note 1: Excluding those "Open Storage" sites within HSK/HT, YLS and New Territories North NDAs projects, there are still 171 hectares of "Open Storage" sites in other areas of the New Territories.

Note 2: The full name of the Planning Guidelines is "Town Planning Board Guidelines for Application for Open Storage and Port Back-up Uses under Section 16 of the Town Planning Ordinance".