

19 September 2018

Secretariat, Task Force on Land Supply,
17/F, West Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong
Email: tfls@devb.gov.hk

Dear Members of the Task Force on Land Supply,

Submission on the Land Supply Consultation
Views from
Business Environment Council Limited 商界環保協會有限公司

Over the last 25 years, Business Environment Council Limited 商界環保協會有限公司 (BEC) has played a leading role in advocating the business case for environmental excellence, given the importance of sustainable development to Hong Kong. Our members are committed to actively engage with the HKSAR Government (the Government) to help develop a supporting policy framework as well as impactful implementation in respect of environmental protection and sustainability.

Views expressed in this submission are those of BEC, in line with BEC's Mission and Vision as well as policy position on relevant issues, but may not necessarily be the same as the views of each individual member. BEC is an independent charitable membership organisation comprising approximately 200 member companies, from Hong Kong's major holding companies to small and medium-sized enterprises.

Preamble

BEC recognises the importance of the land supply issue to Hong Kong's sustainable development. High property prices affect the well-being of our community and hinder business growth in Hong Kong.¹ It is also important that Hong Kong plans for the

¹ Supported by BEC's response to the Hong Kong 2030+ consultation:

https://bec.org.hk/files/images/Resource_Centre/Submission/20170427_HK_2030_Submission.pdf

needs of its increasing and ageing population, as well as its long-term economic development.²

BEC welcomes the Public Engagement Pamphlet prepared by the Task Force on Land Supply (the Task Force), which explained the current land supply challenge in Hong Kong, identified 18 short-, medium-, long-term and conceptual land supply options, and invited views from the public and other stakeholders. We hold the views that some of the identified options are feasible solutions worthy of further consideration, such as developing brownfield sites, developing caverns and underground space, and topside development of existing transport infrastructure. Nevertheless, the aim of this submission is to put forward principles that would help the Government set priorities and find a suite of solutions that is also in line with sustainable development principles, rather than to comment on specific options.

In putting forward these principles, we note that:

- Hong Kong's population is projected to grow from 7.34 million in 2016, reaching a peak of 8.22 million in 2043, and then to decline to 7.72 million by 2066 according to Census and Statistics Department's projections.³
- With shrinking average household size, household numbers are expected to rise from 2.51 million in 2016 to 2.97 million in 2046 and then fall to 2.95 million in 2051.
- As at end of 2017, built-up land accounted for 24.4% of Hong Kong's land area, and only 6.9% of land was used for residential purposes.⁴
- The Task Force stated that a minimum of 1,200 hectare (ha) of land is required according to the Government's estimation: 200 ha for housing, 300 ha for economic uses, and 700 ha for infrastructure and facilities. The number did not take into account the need for building up a land reserve and the changing needs and aspiration of the local population.

² See BEC's response to the Hong Kong 2030+ consultation, Question 6.

³ Census and Statistics Department, 8 September 2017.

⁴ https://www.pland.gov.hk/pland_en/info_serv/statistic/landu.html

Recommendations

We recommend the following principles in addressing Hong Kong's land supply issue:

- 1. The Government should avoid land supply options that would bring irreversible adverse impact to the environment:** In this regard, BEC holds the view that we should protect Hong Kong's country parks⁵ and areas of high ecological value. For options where negative environmental impact could be mitigated, the Government should identify measures that would minimise the impact on a case-by-case basis. Where necessary, the Government should undertake strategic environmental assessment for land supply options that would bring cumulative and territory-wide impact.
- 2. The Government should give priority to land supply options that would maximise societal gain over sectoral or individual interests:** In order to make informed decisions based on this principle, the Government should conduct systematic and thorough analyses of the financial and economic costs and benefits of different land supply options. For example, the analyses should take on board the financial costs of development (such as land preparation and infrastructure support), the natural capital/ecosystem services benefit of the selected site(s),⁶ the increase in greenhouse gas emissions and air pollution, the loss of landscape/leisure value, biodiversity, and water catchments.⁷ The suitability of development would vary across different sites and cases.
- 3. If selected land supply options would lead to trade-offs, the Government should consider compensation in a fair and transparent manner:** When trade-offs are necessary and stakeholders' interest would suffer as a result, the Government should come up with reasonable and practical solutions through a fair and transparent mechanism. Compensation may be offered in different shapes and forms, including land swap and financial assistance, on a case-by-case basis.

⁵ See BEC's Biodiversity Strategy and Action Plan consultation response. Development at the periphery of country parks should be subject to comprehensive environmental studies, and actual developments should aim to maintain the ecological integrity of country parks, in light of its natural, cultural, and recreational value.

https://bec.org.hk/files/images/Resource_Centre/Submission/BEC_Submission_on_BSAP.PDF

⁶ See BEC's response to the Hong Kong 2030+ consultation, Question 11.

⁷ Incremental impact should be considered in evaluation of sites.

4. **Other than focusing on land supply, the Government should also better understand and manage demand for land in Hong Kong:** Without slowing down the identification of land supply options over the short- and medium-term, the Government should also consider the following related to the demand for land:

(a) **Review the exact amount and the types of land needed based on evidence and trends to inform decision:**⁸ In order to have a better grip on long-term land demand, the Government should study and be responsive to Hong Kong's changing demographic characteristics, economic structure, technological advancement, environmental quality, and societal need and aspiration. For example, an ageing population would raise the need for elderly and healthcare facilities but lessen the land demand for schools. In addition, the Government should also take into consideration global trends such as online shopping and its impact on demand for retail space. The Greater Bay Area Initiative is another example that might change the land supply/demand consideration in Hong Kong.

(b) **Optimise the use of existing built-up or urban/semi-urban land:**⁹ Without compromising the quality of living, including factors such as air quality, public hygiene, air ventilation, provision of public space and urban greenery, the Government could optimise the use of urban land through a multi-pronged approach, by increasing urban density, relaxing height restrictions in certain sites, regenerating older urban areas, and amending land use designation that reflects the changing needs and demand for land in Hong Kong. Potential to optimise the utilisation of existing premises and the use of built-up land such as industrial land, vacant school premises, low-rise buildings of a limited lifespan, and car parks should be examined. Waste collection and processing facilities could be sited in underground spaces and multi-storey facilities. The need for road space could be managed through a greater emphasis on public transport, promotion of efficient road use through different pricing mechanisms, and supporting the greater use of marine transport.¹⁰

⁸ See BEC's Biodiversity Strategy and Action Plan consultation response, Question 9.

⁹ See BEC's response to the Hong Kong 2030+ consultation, Question 11.

¹⁰ See BEC's response to the Hong Kong 2030+ consultation, Question 12.

Conclusion

In essence, BEC acknowledges the urgency in identifying and implementing land supply options for Hong Kong in the interest of the general public and the business community. Nevertheless, it is equally important that decisions should be made in light of Hong Kong's commitment to the Climate Action Plan, and the Biodiversity Strategy and Action Plan.¹¹ After all, sustainability is the cornerstone of people's well-being and business' long-term development.

For queries related to this submission, please contact our Chief Executive Officer, Mr Adam Koo at adamkoo@bec.org.hk.

Yours sincerely,



Richard Lancaster
Chairman
Business Environment Council Limited

¹¹ See BEC's Biodiversity Strategy and Action Plan consultation response, Question 4.