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12 April 2012

Mr Derek LO
Clerk to Panel on Economic Development
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr LO,

Panel on Economic Development

Follow-up to the meeting on 17 January 2012 “Hong Kong Tourism Board Work Plan for 2012-2013”

As requested by Members during the captioned meeting, we provide the following supplementary information by the Administration for the Panel’s reference :

- (a) a note on “Land Supply for Hotel Development” provided by the Development Bureau and the Planning Department at Annex 1; and
- (b) a note on “Facilitation Measures at Boundary Control Points” provided by the Security Bureau at Annex 2.

Yours sincerely,

(Mrs Miranda YIM)

for Secretary for Commerce and Economic Development

c.c.

Secretary for Development (Attn: Mr Derek CHEUNG)
Secretary for Security (Attn: Miss Maisie HO)

PSCIT
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Note on Land Supply for Hotel Development

Introduction

This note gives a brief account of the Government's efforts in providing land for hotel development in support of the development of Hong Kong's tourism industry.

Planning Initiatives

2. As in accordance with the recommendation in the 1996 report on the "Visitor and Tourism Study for Hong Kong" undertaken by the Hong Kong Tourist Association, the Town Planning Board (TPB) has been zoning and is making a continuous effort to zone suitable sites as "Other Specified Use" annotated "Hotel" ("OU (Hotel)") specifically for hotel development. Moreover, since 2000, the new zoning of "Other Specified Use" annotated "Business" ("OU (Business)") has been introduced and suitable sites have been so zoned to facilitate the redevelopment of industrial buildings in obsolete industrial areas for both industrial and office/commercial uses which include hotel use. Development of hotels at OU(Business) sites requires planning permission from the TPB; the purpose is to ensure that any proposed hotel development at the sites, most of which still have functioning industrial operations in their neighbourhood, will not give rise to unacceptable environmental and other interface problems such as noise and traffic impacts. These planning efforts have provided a catalyst for development of hotels outside the traditional tourist nodes. Under the latter initiative, the TPB has approved a substantial number of planning applications for hotel development in areas such as Wong Chuk Hang, Kwun Tong, Kowloon Bay and San Po Kong.

The "Hotel Only" Scheme

3. In his 2008-09 Budget Speech, the Financial Secretary announced the introduction of the "hotel only" pilot scheme as an initiative to facilitate development of hotels in support of Hong Kong's tourism industry. The scheme was run on a pilot basis for about three years and, in his 2011-12 Budget Speech, the Financial Secretary announced the Government's decision to turn it into a permanent arrangement. Under the "hotel only" scheme, the

reserve price of the government sites designated for “hotel only” use on the Application List is assessed on a “hotel only” basis instead of their maximum development potential permissible. On parity grounds and for the same policy objective, similar arrangements apply to hotel developments on privately-owned sites subject to lease modification/land exchange whereby the premium is charged on a “hotel only” basis.

4. Since the introduction of the “hotel only” scheme in 2008 up to end February 2012, three “hotel only” government sites in Wan Chai, Sai Kung Town and Hung Hom, which could provide about 1 550 rooms in total, had been sold (another government site in North Point for mixed hotel and residential/commercial uses had been sold and it could provide about 370 hotel rooms). In addition, a total of three lease modification cases for hotel developments which could provide about 1 300 rooms had benefitted from the “hotel only” scheme.

5. In the 2012-13 Land Sale Programme, we have designated two sites for “hotel only” use, namely the western part of ex-North Point Estate and Murray Building in Central, which could provide about 780 hotel rooms in total.

Land Reservation for Hotels

6. Currently, a number of government sites have been reserved for hotel, recreation and tourism-related uses. They include -

- 2 sites zoned “OU (Hotel)” in Penny’s Bay
- 1 site zoned “OU (Tourism Related Uses to Include Commercial, Hotel and Entertainment)” with about 129 400m² Gross Floor Area (GFA), 6 sites zoned “Commercial” designated for hotel use, and 2 sites zoned “Comprehensive Development Areas” (“CDA”), all allowing for hotel development, have been earmarked on the Recommended Outline Development Plan for Kai Tak
- 3 sites zoned “OU (Recreation and Tourism Related Uses)” in Tsing Yi and Ma Wan
- 1 site zoned “OU (Spa Resort Hotel)” in Ting Kok, Tai Po
- 1 site for office and hotel development has been planned in the New Central Harbourfront
- a few sites in the West Kowloon Cultural District with about 59200m² GFA are designated for hotel use

- 1 site zoned “OU (Eco-lodge)” in Ma Tso Lung, North/Yuen Long District, for sustainable-based tourism in the form of an eco-lodge for development of low-rise, low-density resort-type accommodation.

7. The sites designated for commercial use could be restricted to “hotel only” use for sale to meet demand if considered appropriate. We will continue to identify new, suitable sites for development of hotels under various land use studies/reviews to meet tourism development needs.

Development/Redevelopment/Conversion for Hotel Use

8. It is the Government’s established practice to provide flexibility in land use zoning and facilitate private initiatives to develop/redevelop/convert land/buildings for hotel use. To satisfy the different hotel accommodation needs of tourists, it is important to encourage the market to provide a good diversity of hotel accommodations. Under the town planning system, hotel development is permissible in “Commercial” and “Commercial/Residential” zones, and may be permitted on application to the TPB in “Residential (Groups A, B and E)”, “CDA”, “OU (Business)” and “OU (Mixed Use)” zones. Between January 2000 to end February 2012, a total of 162 such sites were approved by the TPB for hotel development. Some of the projects have been implemented while some of the approvals have lapsed. As at end February 2012, there were a total of 51 valid approved planning applications for hotel projects¹ and they could provide about 11 490 rooms.

9. According to Buildings Department’s Monthly Digest, 43 sites have obtained building plan approval or consent to commence work for hotel developments², which would provide about 7 666 rooms.

10. Since the announcement of the policy initiative of Revitalization of Industrial Buildings in the 2009-10 Policy Address, planning applications for conversion/ redevelopment of industrial buildings to hotels located in “OU (Business)” zones in Kwun Tong, Kowloon Bay, San Po Kong and Wong Chuk

¹ New confirmed hotel projects listed in the Hotel Supply Situation prepared by the Hong Kong Tourism Board are excluded to avoid double counting.

² New confirmed hotel projects listed in the Hotel Supply Situation prepared by the Hong Kong Tourism Board and those for which occupation permits have been issued by Buildings Department are excluded to avoid double counting.

Hang have increased. Up to the end of February 2012, a total of 15 applications (3 841 rooms) for wholesale conversion and 2 applications (597 rooms) for redevelopment of industrial buildings for hotel use were approved by the TPB since the implementation of the policy initiative. In tandem, a total of 7 applications for wholesale conversion or redevelopment of industrial buildings to hotel use were approved by Lands Department, with an estimated provision of about 2 200 hotel rooms.

11. We will continue to work together with the Tourism Commission of the Commerce and Economic Development Bureau, which closely monitors the demand and supply of hotel rooms, to ensure that necessary measures are taken to provide adequate land for hotel development in support of Hong Kong's tourism industry.

**Development Bureau
Planning Department
March 2012**

Facilitation Measures at Boundary Control Points

The Tourism Commission (TC), Immigration Department (ImmD) and Hong Kong Tourism Board (HKTB) held a meeting on 1 February 2012 to discuss about facilitation measures at boundary control points. Below is a summary on the details:

Existing measures and future plan of the ImmD

2. To maintain Hong Kong's status as an international trade and tourism hub, the ImmD has all along strived to provide smooth and effective immigration clearance service to passengers. The number of visitors arriving in Hong Kong has continued to grow over the past few years. In 2011, the total number of visitor arrivals reached 41.9 million, representing a 16.3% increase from 2010. Visitor increase through land boundary control points was the highest, reaching 20.9% (26.43 million), followed by sea control points by 12.5% (4.47 million) and the Airport Control Point by 8% (11.03 million).
3. To cope with the increase in passenger traffic and augment the handling capacity of boundary control points, the ImmD has put in place various measures to relieve the pressure arising from the long waiting time of passengers. These measures include flexible deployment of staff with reference to passenger traffic; reinforcement of staff from other divisions during peak seasons and forming of a joint command centre with relevant government departments to monitor passenger traffic and to put in place special arrangements where necessary. The ImmD would also step up publicity before festive seasons with a view to encourage cross-boundary passengers to avoid making their journeys during peak hours.
4. In the 2012-13 financial year, there will be a net increase of 162 posts in the ImmD, among which 93 of them will be deployed for carrying out immigration control duties at control points. The ImmD has commenced recruiting suitable candidates for these new posts and will provide suitable training for them as soon as possible. The newly created posts for various control points are being filled from April onwards.
5. Moreover, the ImmD will streamline its workflow and make use of information technology to enhance efficiency and alleviate pressure of its frontline staff. Since January 2012, eligible Mainland frequent visitors may use the e-Channel service at the Lo Wu and Lok Ma Chau Spur Line control

points upon enrolment. The service was further extended to Shenzhen Bay control point in February. As of early February 2012, over 430 000 movements through such e-Channel services was recorded, representing 6% of the total number of movements involving Mainland visitors. By mid-2012, the ImmD will further extend the above service to the China Ferry Terminal, Macau Ferry Terminal and Hong Kong International Airport control points. The total number of e-Channels for use by Mainland frequent visitors at the above control points will increase from 21 to 53 by then. As a greater portion of Mainland visitors will be using e-channels for clearance, this will help mitigate the passenger traffic pressure at the control points in the future.

6. The ImmD will closely monitor the effectiveness of the above measures and continue to review the requirements for manpower and other complementary resources in the light of the passenger traffic situation.

Coordinating efforts of the TC

7. On the eve of peak seasons, for example before the Chinese New Year “Golden Week” holidays, the TC will coordinate with relevant government departments and the travel trade to draw up various measures to prepare for the arrivals of visitors during the holidays. The measures include appropriate manpower deployment and traffic arrangements at different control points so as to provide convenient and efficient immigration clearance service to visitors.

Promotion of the HKTB

8. The HKTB will continue to publicise the e-Channel services through its website and encourage Mainland frequent visitors to use the e-Channel for self-service immigration clearance.

Security Bureau
April 2012