

DIGITAL 21 STRATEGY ADVISORY COMMITTEE

Update on Measures to Facilitate Data Centre Development in Hong Kong

Purpose

At the meeting on 22 March 2011, we consulted Members on the Government's strategy to facilitate the development of data centres. We updated Members at subsequent meetings on the establishment of the Data Centre Facilitation Unit, launch of the data centre portal, and provision of about two hectares of land in Tseung Kwan O (TKO) for data centre use. This paper provides a further update.

Greenfield Site in TKO

2. Since March 2005, the TKO Industrial Estate has provided about 17.8 hectares of gross site area for developing data centres, *vis-a-vis* the 13 hectares of gross site area in the Data Centre Park being set up in Singapore. To cope with the rising demand for data centre space, the Chief Executive announced in the 2011-12 Policy Address that the Government had reserved about two hectares of land in TKO for data centre use. The Conditions of Sale would be tailor-made for high-tier data centre use and the tender reserve price would be assessed on that basis. After reprovisioning the bus depot now occupying the site and securing the Town Planning Board's approval, we will be able to make available the first site, of about one hectare in size, for open bidding in 2013.

Use of Industrial Buildings for Data Centres

3. While we will continue to identify more land for data centre development, land supply in Hong Kong will remain a

constraint, at least in the short-to-medium term. In view of this, the Financial Secretary announced in the 2012-13 Budget two measures to facilitate the development of data centres by making better use of existing industrial buildings or industrial lots, as follows —

- (a) Government would exempt the waiver fees for changing parts of eligible industrial buildings to data centre use. This measure applies to all tiers of data centres.
- (b) For the development of high-tier data centres involving lease modification of industrial lots (e.g. redeveloping existing industrial buildings into high-tier data centres), the premium will be assessed on the basis of actual development intensity and high-tier data centre use. If the redevelopment comprises non-data centre parts, the premium for those parts would be assessed according to established practice.

4. We are working out the implementation details with a view to commencing the scheme as early as practicable around mid-2012. These two measures are time-limited and the application period will end on 31 March 2016. Details of these measures are set out in the brief we issued to the Legislative Council on 3 February 2012, at **Annex**.

Other Facilitation Measures

5. As we informed Members earlier, OGCIO set up the Data Centre Facilitation Unit (the Unit) on 25 July 2011 to provide co-ordinated services and assistance to parties interested in setting up data centres in Hong Kong, with the portal on data centre (www.datacentre.gov.hk) launched on the same day. Since its establishment, the Unit has maintained active dialogue with existing and potential data centre operators, providing information, in particular on land and power supply related matters, as well as facilitation between data centre operators, the power companies and government departments.

6. In the past six months, the Unit has received some 60 enquiries and provided active assistance in 10 cases. Through these

cases, the Unit has identified some common challenges and has taken action to address them, which are outlined in the following paragraphs.

Clarifying the power supply requirement for data centres

7. The industry was under the perception that dual feeds from different power companies are required of Tier 4 data centres, which would be formidable for Hong Kong as the networks of Hong Kong's two power companies are segregated geographically. We clarified with the Uptime Institute in December 2011 that such a requirement was in fact unnecessary, and that dual feeds from two different sub-stations of the same power company would suffice. Such clarification, promulgated through our data centre portal, provided much needed assurance to data centre operators who are interested in setting up in Hong Kong or prospective businesses hoping to use Hong Kong's data centre services.

Goods Vehicles Parking requirement for Data Centres

8. In light of industry's feedback, we commissioned a study in December 2011 in collaboration with the Transport Department to evaluate the parking requirement for goods vehicles for data centres. The study surveyed the loading and unloading activities of 16 data centres of different tiers and sizes, and concluded that there is room to reduce the number of goods vehicle parking space. On the basis of the findings, the Transport Department is developing an internal guideline reflecting the operational needs of data centres for reference in processing future applications.

Further Facilitation

9. We will continue to engage the industry and collaborate with relevant government departments to identify scope for streamlining and fine-tuning regulatory requirements to better accommodate the unique operational needs of data centres. We will also enrich the content of our data centre website to provide more information to interested parties. Through close collaboration with us, China Light & Power Company has put in place a fast-track

scheme to process data centres' requests and launched a dedicated data centre website in December 2011.

Advice Sought

10. Members are invited to advise on the initiatives set out above.

**Office of the Government Chief Information Officer
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