

Making Partnerships Work: Public Private Community Partnership Framework

PURPOSE

This paper provides an overview of the work of Harbour Business Forum (HBF) on the evaluation of the challenges and the management issues affecting Public-Private-Community (PPC) /Public-Private Partnership (PPP) projects in Hong Kong, and more specifically in and around Victoria Harbour. It also provides an overview of the proposed solutions to tackle these issues. The full report by HBF is attached at **Annex A**.

BACKGROUND

2. PPC partnerships/PPP involve the application of collective expertise and experience, as well as innovation to the design, development, operation, management and maintenance of public and community projects such as parks, waterfront promenades and piers. Such partnerships can create viable, sustainable and unique attractions that maximise the benefits for the wider community.

Complications

3. Currently these PPC/PPP projects often face various complications. These include -

- (a) difficulties in generating revenue due to the inclusion of elements of public good in the projects;
- (b) the challenge for private entities to own, sponsor, operate, maintain or manage projects developed for social benefit; and

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For discussion
on 27 January 2022

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- (c) non-governmental organisations (NGOs) in Hong Kong generally do not have the capacity and expertise to design, build, manage and/or operate community assets.

4. This consequently has an impact on financial viability, either reducing the project return or limiting the quality of the community project and the overall benefit to the society. In addition, Manage-Operate-Maintenance (MOM) contracts are commonly used in Hong Kong for tendering public works, which further complicates the situation, especially in the case of smaller community projects with limited or no source of revenue.

5. The above-mentioned complications raise questions about the type(s) of model(s) that are appropriate for PPC/PPP projects, and how these model(s) should be implemented.

- What PPC/PPP models are relevant for community projects in Hong Kong?
- What PPC/PPP models are appropriate for a given project/site?
- Which entities should be involved and what should their roles and responsibilities be?
- How should these PPC/PPP models be implemented?
- What, if any, changes to community project management, operation, maintenance and governance should be recommended?

MANAGEMENT OPTIONS

6. Three corporate entities, as listed below, have been identified as being suitable for community projects -

- (a) Company Limited by Shares (under Financial Secretary Office);
- (b) Company Limited by Guarantee; and

(c) Limited Company with Charitable Status.

7. These corporate entities reflect the principles of PPC partnerships / PPP in that they involve both public and private sectors and have the opportunity to generate revenue in a way that could lead to community projects with optimised public value.

CURRENT SITUATION AND CHALLENGES – CASE STUDIES

8. Four case studies of harbourfront community assets and projects are presented to illustrate the management challenges, the solutions adopted to date and the outstanding issues that need to be addressed.

Case Study 1: Kwun Tong Waterfront

9. The project involves three sites within the promenade under the Kwun Tong bypass. It has been implemented on a temporary basis and is commonly known as 'VESSEL'. The project originated as part of the Energising Kowloon East Initiative. The Government invited organisations to tender on a not-for-profit (NFP) basis in 2014 to manage, operate and maintain the three sites. The objective was to create a vibrant waterfront for creative, arts and cultural uses. However, only private companies limited by guarantee and with charitable status were permitted to respond to the tender.

10. HKALPS Limited (HKALPS) was selected as the MOM operator for four years commencing 2017 and was in fact the only tenderer. This reveals the limited charitable sector capacity in Hong Kong to manage and operate similar sites and community projects. The strict NFP basis meant that the private sector and other community organisations were excluded, depriving the project of valuable expertise and investment and thus, limiting the overall quality of the project and the value created for the

community.

11. The project is funded by the Government with CAPEX of up to HK\$20 million and revenue is only raised from the sub-lease of the site. It is understood that HKALPS is operating at a substantial loss and is only able to continue operations through third party donations. The lack of financial sustainability further illustrates the problems with the existing management model, including insufficient opportunities to raise revenue and that the short leasing period of four years discourages investment. As a result, the project fails to maximise value for the community.

12. The issues identified raise questions about the suitability of the NFP requirement. To make the site a success, alternative management models are necessary to attract investment and ensure self-sustainability.

Case Study 2: Hung Hom Urban Park and Promenade

13. The Hung Hom Urban Park is a proposed development to transform the former public transport interchange into a vibrant, diverse harbourfront destination. The site sets back from the Hung Hom promenade and is currently an empty public space with access to the waterfront promenade and ferry pier.

14. A Public-Private Partnership (PPP) approach is proposed by the Government to develop the Urban Park. The operator will be responsible for designing, developing, managing and maintaining the site, and the project is expected to be self-sustainable on an ongoing basis with the possibility of sharing revenue with the Government after a few years of operating.

15. However, commercial activity is largely precluded on the site and where it is allowed there are limitations on the types of activities and/or planning permission is required. This raises concerns and questions over how the operator can viably design,

develop, operate and maintain the Urban Park, and at the same time share revenue with the Government.

16. Whilst doing nothing to the site means there are limited financial implications, it may let slip the potential to activate this waterfront area and generate value for the public and visitors. Developing the Urban Park to its full potential would require moderate CAPEX investment and professional MOM of the site. As such, an appropriate management model that allows sufficient flexibility and innovation, and ensures that the project is self-sustaining and financially viable for the operator will be necessary. Under the PPP approach, an appropriate mechanism would also need to be in place to ensure that the design is in keeping with other parts of the Hung Hom waterfront for consistency in quality and experience.

Case Study 3: Wan Chai Basin

17. The Wan Chai Basin is located between the Hong Kong Convention Exhibition Centre and Royal Hong Kong Yacht Club. As identified in the Urban Design Study for Wan Chai North and North Point, the site has the potential of being a hub for water sports and recreation. The site has been developed in phases; Phase 1 of the harbourfront promenade opened in 2020 and Phase 2 comprising the harbour steps and an access ramp for boats opened recently in December 2021. It is anticipated that the remaining parts of the site will be opened for public use in phases by the end of 2022.

18. In terms of the long-term development and management of the Basin, in 2018, the Chief Executive was open to different delivery models including the PPP model. Though currently, the promenade is managed and operated by the Government in a low-key manner and the responsibilities and long-term management of the Wan Chai Basin, including water access and sports, remains uncertain.

19. The nature of the Basin as a hub for water sports and recreation means that different stakeholders with competing needs are involved. This includes but is not limited to sports associations, professional users, recreational users, commercial users, government organisations and NGOs. As such, management of the various stakeholders will be critical to the success of the site development. Other outstanding issues in which an appropriate management model would need to address include its integration with the remaining parts of the Wan Chai Promenade, and meeting CAPEX and OPEX costs sustainably.

Case Study 4: Central Harbourfront

20. Under the Urban Design Study for the New Central Harbourfront (UDS) published in 2011, the Central Harbourfront consists of eight key sites to create a vibrant, green and accessible harbourfront that is symbolic of Hong Kong. A Master Layout Plan (MLP) was developed under the UDS (**Figure 1**).

21. Since the publication of the UDS, one of the key milestones is the temporary operation of the Central Harbourfront Event Space (CHES), located between Pier 10 and Tamar Park. Tender was awarded to Central Venue Management Limited (CVM), a private limited company. A three-year short-term tenancy (STT) commenced in Q2 2014 and currently, CVM continues to be the management agency/operator of the CHES on a temporary basis. Under the STT, CVM is required to meet obligations in terms of events, event days and categories of events. For instance, a minimum of 120 days per year would have to be allocated for activities free for the public to participate in.

22. The governance and the private sector involvement in the management and operation of the CHES have been successful in bringing vibrancy and diversity to the harbourfront. It has brought a variety of events for the public to enjoy including local and

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international events such as SummerFest, the Hong Kong Wine & Dine Festival, Clockenflap, the AIA Carnival, ManulifeMOVE Fitness and Wellness Festival, Swire Symphony under the Stars, Adidas Sports Base and many more. In addition, the installation of the Hong Kong Observation Wheel is becoming an iconic feature of the Central Harbourfront. Meanwhile, under the current management and operation of the CHES, Government department standards for all arrangements have also been met.

23. As the CHES operates on a temporary basis, its long term arrangement and development remains unclear. Given the success seen in its current management model and event-based operation, which has brought significant benefit to the community, whether the Central Harbourfront will be and should be developed in accordance with the 2011 MLP is in question. It is considered necessary to re-assess the design, implementation, management and function of the remaining sites of the Central Harbourfront. The long-term development of the area should incorporate permanent event-based operations. Furthermore, the Central Harbourfront including the eight key sites should be designed and developed as a whole, not separately, to ensure a continuous high-quality experience with seamless interconnectivity across the entire Central Harbourfront area.

KEY FINDINGS FROM CASE STUDIES

24. As identified in the case studies, there are several key issues that should be addressed to improve the current management models. This includes the NFP status of tendering operators and the use of STTs that inhibit investment and the financial sustainability of community assets. There is also a need for talent and expertise in the MOM of community assets and more capacity of this should be built in the non-profit and community project sector.

25. Other issues identified include ensuring that public interest is served in terms of managing and engaging the different stakeholders involved, as well as ensuring public access and consistency in the quality and experience of community assets. The gaps in provision and in determining responsibility for a community asset, as seen in Hung Hom Park and Wan Chai Basin, would also need to be addressed.

RECOMMENDATIONS

26. A three-step development of community asset management and governance is recommended to maximise public good. The first step is to involve non-government agents in the management of community assets. Whilst the Government has already taken the initiative to do so, as seen in the MOM approach proposed for the Island Eastern Corridor boardwalk, it remains unclear whether NFP status is a requirement. Therefore, we recommend making profit organisations with experience and expertise in MOM of community assets eligible for managing community assets. This would generate a source of creativity, funding and professional management to maximise the quality and public value of community assets.

27. The second step is to establish community management committees. The committees would bring together all parties involved in harbourfront community asset management including non-government entities, civil society organisations and relevant government departments. This would enable the various parties to discuss and resolve common issues. Through the committees, managing agents would be encouraged to compete and collaborate to attract visitors and investment which in turn would incentivise creativity. The establishment of the committees seeks to improve management coordination and cooperation between interconnecting community assets.

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28. The third and most important step is to establish the Harbour Agency, which would provide an overarching governance and coordination of harbourfront community asset management. It is recommended that the Agency would formalise the structure of the community management committees. Its role would also involve aligning the design, development and management of community assets along the harbourfront to ensure consistency in design and quality but variety in terms of activities and content.

29. A long list of nine management options was identified at the start of the study and three were considered suitable for community projects. From these the most suitable would appear to be a Company Limited by Shares under the Financial Secretary Incorporation Ordinance (FSI). The various waterfront sites could be vested in the FSI and the Harbour Agency would be established under the FSI Ordinance to manage them as community assets.

30. Our recommendations intend to improve and address the current issues of community asset management, which would consequently enhance the quality and public value of community assets, particularly those in relation to the harbourfront. The Harbourfront Commission and the Harbour Office have taken great steps recently in revitalising various sites around the harbour in exciting and interesting ways. They are however a short term opportunity which needs a long term solution. Similarly, the CHES needs long term security of tenure so that it can be better developed and utilised.

31. Members' consideration of taking forward our recommendations is sought.

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Figure 1 – Master Layout Plan extracted from the Urban Design Study for the New Central Harbourfront

Annex A - Making Partnerships Work: Public Private Community Partnership Framework (Final Report)

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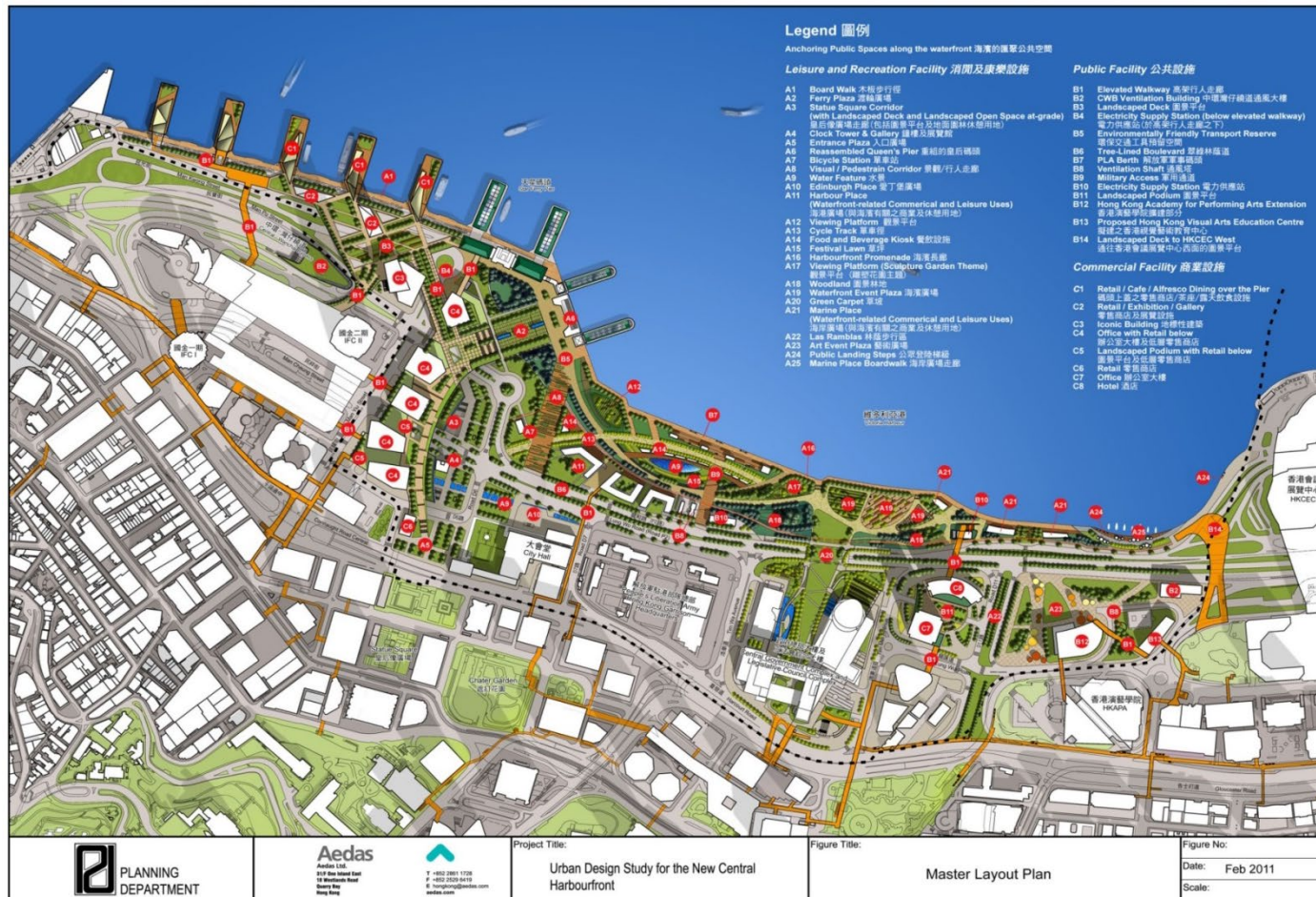


Figure 1: Master Layout Plan extracted from the Urban Design Study for the New Central Harbourfront (Planning Department, 2011)

Making Partnerships Work

Public Private Community Partnership Framework

January 2022

Presentation

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2 Current situation and challenges

3 Recommendations



I. INTRODUCTION

Introduction

Community assets are established for the public good. Effective management and sustainable operation are required to maximise the benefits for Hong Kong

Examples of community assets in Hong Kong

ILLUSTRATIVE



Kwun Tong Promenade 



 Tseung Kwan O Skatepark



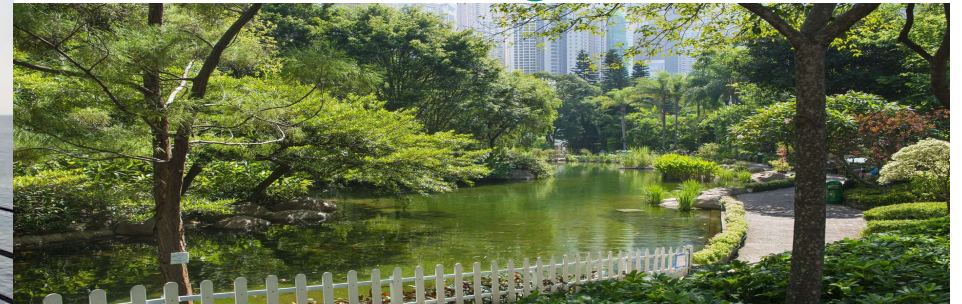
 Quarry Bay Promenade



Tuen Mun Park 



Stanley Pier 



Hong Kong Park 

Source: HBF Research

The purpose of this paper is to evaluate the challenges and propose solutions to the management issues affecting public-private-community (PPC) projects in Hong Kong

Situation

Partnerships between **public, private and community** entities bring collective expertise and experience, attracting additional funding to community projects.

Partnerships ensure that project **design, development, operation, management and maintenance** is optimised for society.

The **management model aligns the roles and responsibilities of each entity** in the partnership, including liabilities.

Community projects include recreational, cultural and/or tourism venues. It covers **public assets such as waterfront promenades, piers & heritage buildings**.

Complication

Many community projects **face difficulties in generating revenue**. Projects have features of public goods (non-excludability) and find it difficult to charge for use of the asset.

Government has been **unwilling to permit private entities** from owning, sponsoring, operating, maintaining or managing projects developed for social benefit, depriving projects of **funding and management talent**.

Manage-Operate-Maintenance (MOM) contracts are commonly used in Hong Kong for tendering public works but may not be suitable for smaller community projects with limited or no source of revenue.

Questions

This paper addresses the following questions:

- What management models are relevant for community projects in Hong Kong?
- What management models are appropriate for a given project/site?
- Who are the entities that should be involved and what should their roles and responsibilities be?
- How should these management models be implemented?
- What if any changes to community project management, operation, maintenance and governance should be recommended ?



Target audience includes **government officials**, law-makers including **legislative and district councillors** and their offices. It also includes all members of the **business community and general public** who are interested in the successful implementation and management of a range of projects in and around Victoria Harbour

Three corporate entities are applicable to community projects from nine possible options in Hong Kong, each with limitations and different administrative requirements

Legal Entity	Description	Example	
Government department	Responsibility assigned under legislative process	CEDD, LCSD	▶ Complex or limited revenue projects
Statutory body	Set up under Ordinance, at least 5 year process	WKCD, TDC	▶ Requires its own ordinance, infeasible for single site
1 Company Limited by Shares (under Financial Secretary Office)	Private company but shares held by government, used for specific circumstances	Cyberport Management Company	Suitable for community projects
Company Limited by Shares	Private company, distribute profits, can be public (listed) or not	New World	▶ Inappropriate as public assets
2 Company Limited by Guarantee	Private company but cannot distribute profit	HKJC, Designing Hong Kong	Suitable for community projects
3 Limited Company with Charitable Status	Charitable status is not a legal entity but a recognised status for tax purpose	WWF Very Hong Kong	Suitable for community projects
Partnership	General or limited with joint and several liability	Law firms	
Unincorporated Association	No legal entity but an arrangement between individuals, cannot enter into contracts	Shek O Green Group	▶ Not suitable as the overarching management agent
Charitable Trust	Form of Property Ownership whereby legal title and control vested in trustees.	Usually from inheritance	



II. CURRENT SITUATION AND CHALLENGES

The management challenges for community projects, the solutions adopted to date and issues remaining to be addressed are illustrated in four real life case studies

Community assets: Case studies

- 1 Kwun Tong Waterfront** Community waterfront recreational area with a **mandate to support creative, arts and cultural uses**, MOM tendered to a non-profit operator
- 2 Hung Hom Park, Promenade & Pier** Grassed over public space created by vacated coach park, promenade and ferry pier, has the **potential to be a vibrant community destination**
- 3 Wan Chai Basin** Access to the water has been provided for the community, but **unclear who is responsible for maintaining access and managing the facilities**
- 4 Central Harbourfront** Multiple plots of land for development are coming up for sale. **How can the public interest be taken into account to maximise value**

Four case studies of recent and proposed public-private-community developments illustrate the challenges and potential solutions to effective management

Community assets: Case study sites





Kwun Tong Waterfront – Site overview

Three sites for creative, arts and cultural purposes, requires management from an experienced entity to maximise its cultural impact & sustainability beyond its initial lease

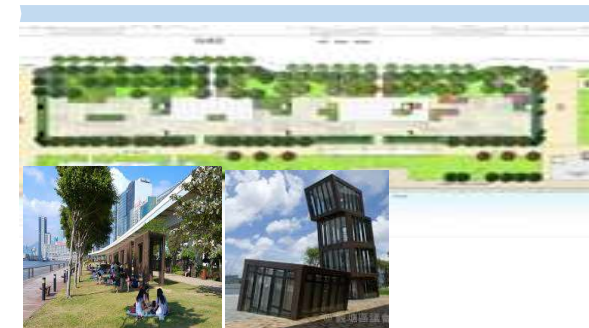
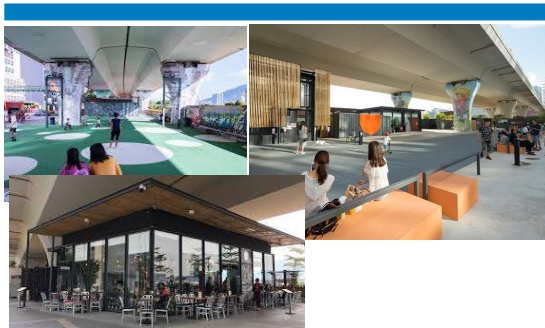
Kwun Tong waterfront: Site overview



Site 3

Site 2

Site 1



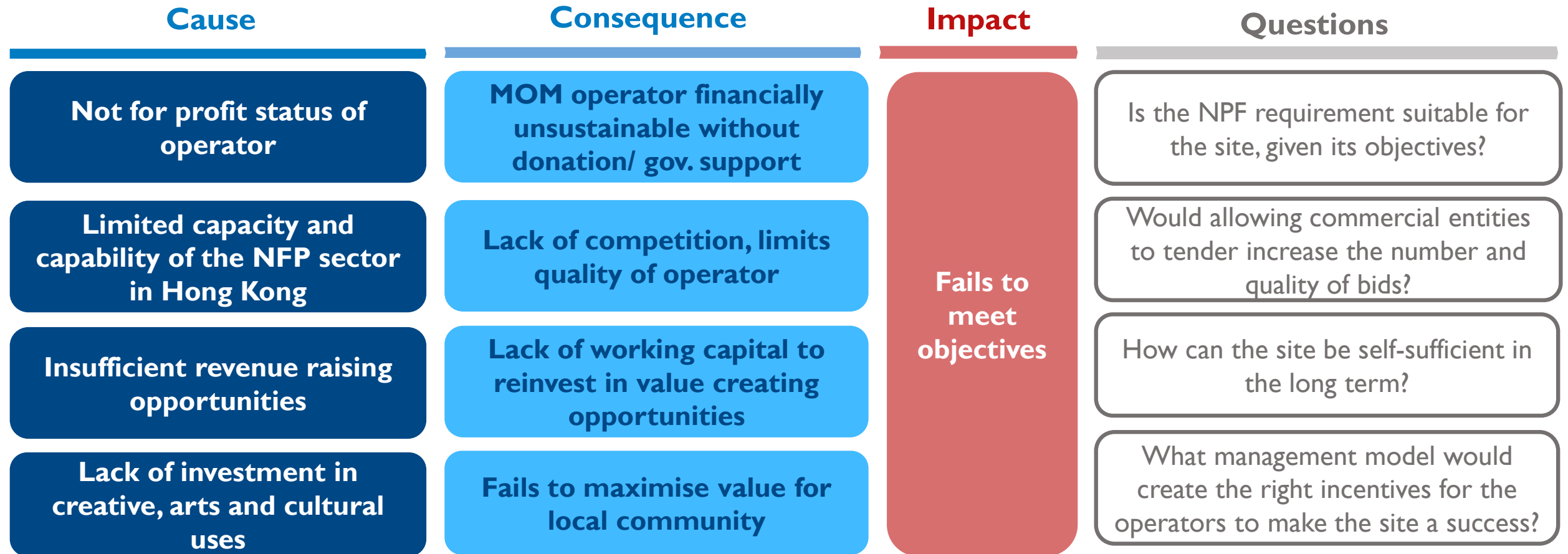
▶ Uncertain commercial demand for the venues and with little alternative revenue potential, there is a concern that revenues will not cover MOM obligations in the long term

Source: HBF

Energising Kowloon East invited proposals from entities for the management, maintenance, and operation of three sites, covering 8,550sqm, awarding the lease to VESSEL

Background	Site Specification	Situation	Complication
<p>The land adjacent to the Kwun Tong typhoon shelter and under the Kwun Tong bypass was developed into a promenade by government in two stages, in 2010 and 2015.</p> <p>Prior to decommissioning, the site was Public Cargo Working Area (PCWA).</p> <p>The site is ~1km long, covering 4.13 hectares with access to the water, ferry terminal and Hoi Bun Road.</p>	<p>Facilities include:</p> <ul style="list-style-type: none"> ▪ Special tower landmark ▪ Multi-purpose plaza ▪ 1km seaside boardwalk ▪ Performance area ▪ 2 Spectator stands (200 seats) ▪ Children's play area ▪ 2 PV shelters ▪ Elderly fitness corner ▪ Fitness station ▪ Sensory garden ▪ Viewing pavilion ▪ Waterfront tree walk ▪ Light refreshment kiosk ▪ Toilets 	<p>In 2014, as part of the Energising Kowloon East initiative, the government invited proposals from organisations to manage and operate 3 specific sites within the promenade.</p> <p>The objective was to put the three sites to vibrant use in face-lifting the waterfront and to make them available for creative, arts and cultural uses.</p> <p>Organisations were invited to tender on a not-for-profit basis.</p>	<p>How should the site be managed to meet its objectives?</p> <ul style="list-style-type: none"> ▪ Operator is responsible for: <ul style="list-style-type: none"> ○ maintenance of landscaped areas ○ cleaning and security ○ staging of events ○ rentable space for creative use (mainly by NGOs) ○ revenue raising from F&B and other facilities ▪ Government to fund CAPEX up to HK\$20 million ▪ Any surplus must be returned to Government

Can Kwun Tong waterfront thrive as destination and optimise its value to the community under the current de minimis operation & continued financial uncertainty



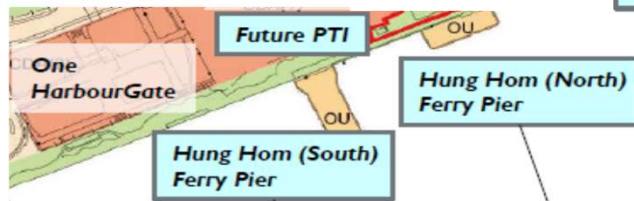
▶ **Alternative management models are necessary to attract investment and ensure self-sustainability**

2 Hung Hom Urban Park and Promenade - Site overview

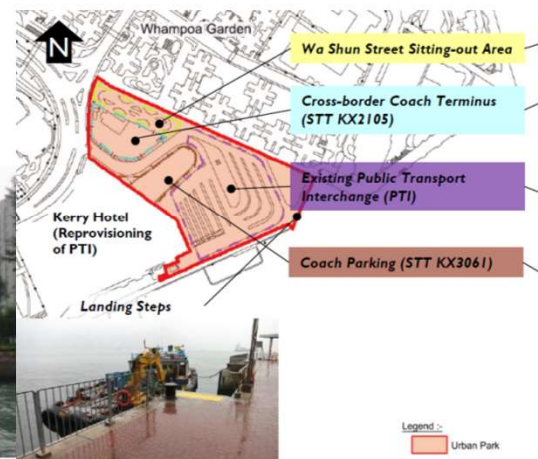
Hung Hom Urban Park and promenade offers multiple land use opportunities to create a unique, vibrant and diverse experience, distinct from traditional parks



- Large site ~**2.2 hectares**
- **170m** harbourfront promenade
- Zoned “Open Space”
- Permitted Uses (examples):
 - Column 1 - Park and garden; picnic area; playground/ field; promenade.
 - Column 2 - Place of entertainment; place of recreation, sports or culture; eating place; shop and services.
- Connectivity with attractions (*Avenue of Stars, Hong Kong Museum of Art, Hong Kong Space Museum and Hong Kong Cultural Centre*), transport (ferry terminal), hotels, office and residential areas.



Landing Steps



Hung Hom Urban Park is a proposed development of the former public transport interchange to create a harbourfront destination for HK residents and tourists to enjoy

Background

Set back from the **Hung Hom promenade**, the site was formerly used as a Public Transport Interchange (PTI) until early 2019.

The PTI was relocated underneath the new Kerry hotel, developed on an adjacent site. It is currently subject to two short term tenancies for coaches and the Wa Shun Street sitting-out area, managed by LCSD.

Urban Park was recommended under the **Hung Hom District Study (2008)**.

Harbourfront Commission endorsed to **finance the project with dedicated HK\$ 500 million** (May 2017)

Vision

An urban park is envisaged to be **more than a traditional park** to bring excitement, vibrancy, diversity and create a focal point for the area.

2018 Policy Address stated: “we will invite interested parties to submit EoI later this year on the design and operation model”.

The Government proposes a **Public-Private Partnership (PPP)** to tap into the **creativity and expertise of external organisations in design, construction and operation**.

Private sector organisations includes commercial entities, community groups, social enterprises, etc.

Situation

A tripartite collaboration (Government, private sector, community), the project is an alternative to the conventional design-build-operate approach.

The **operator** is to be **responsible for designing, developing, managing and maintaining the site**.

Key contractual terms and conditions need to be established for a publicly acceptable and financially viable management model (contract duration, financing and revenue sharing, etc.)

In 2021, the Government is considering the long-term development and mode of operation of the site, taking into account the comments received during the MSE and the experience gained from the open use during the past year. The HC and DC are to be consulted before final decision.

Complication

The project is expected to be **self-sustainable on an on-going basis** with the possibility of **sharing revenue with the Government** after the development has been up and running for a number of years

Commercial activity is largely precluded on the site, so how is the operator expected to pay for the site design and development (mainly for a public purpose), operate and maintain it and share any revenue with the Government is unclear.

An empty public space and operating ferry pier today, there are two options to consider to optimise public value

Option 1: Do Nothing

- **Leave the site in its current state:** a public space, grassed over for public use, with access to the waterfront promenade. Walkways and ferry pier (incl. amenities) are managed separately.
- **Storage spaces and basic facilities** included to enable multiple public uses (i.e. toilet, storage or sports clubs).
- Limited financial implications to **maintain access, fencing, grassed area**

Option 2: Create Public Ecosystem

- **Develop the site as a community/urban park:** integrate promenade and ferry pier to create a waterfront attraction, generating value for the community
- **Professional MOM of the site to optimise its value:** community use for rest, pleasure and children's activities to be considered, including attraction of visitors via the pier
- Requires **moderate CAPEX investment** in facilities, landscaping, etc.

Questions

How to ensure the site does not become isolated from those around it, limiting interconnectivity?

How to prevent a low quality and fragmented waterfront experience?

Would doing nothing be a sub-optimal outcome in terms of public benefit, missing out on potential for creating a destination attractive to visitors and residents in the area?

What management mode is appropriate to ensure self sustaining operation and ensures sufficient investment to create an attractive destination?

What destination typology does the local community want from the site?

How to ensure design is in keeping with the rest of the waterfront vision for consistency of quality and experience?

Revitalisation of Boston’s harbour illustrates how the interface between residential, commercial and leisure uses can optimise public value and energise the community

Urban waterfront best practice: Boston harbourfront



Promenades and walkways provide **direct access to the water**, without barriers for all potential uses of the space (walking, running, pet owners, cyclists, etc.)

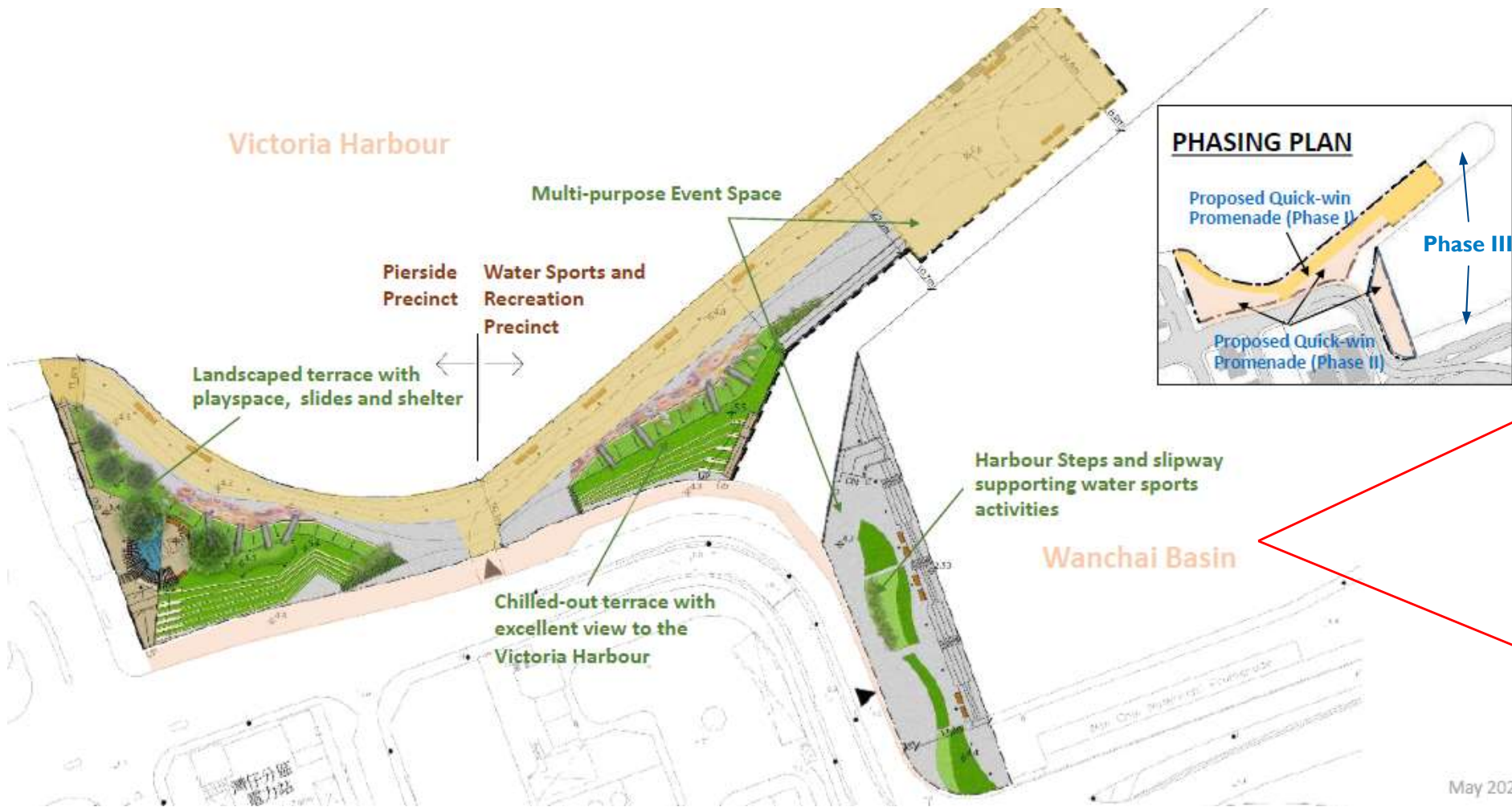
The **interface between commercial, residential and open space is barrier free**, with soft boundaries creating an integrated high quality space



Interest is created through **cultural and historical assets**. Access to the water for leisure and water sports opportunities are a key feature

3 Wan Chai Basin – Site overview

The site offers opportunities for water recreational uses and a public waterfront promenade, providing an activity node and creating a unique feature of the Victoria Harbour.



*See source



*Source: Development Bureau

The Wan Chai Basin site has the potential of being developed into a hub for water sports and recreation

Background

The Wan Chai Basin is located between the Hong Kong Convention Exhibition Centre and Royal Hong Kong Yacht Club.

Surrounding land has been used as works area for various infrastructure and engineering projects (e.g. the Shatin-Central Link and Wan Chai Development Phase II (WDII)).

The site has three parts:

- 1) ~270m long harbourfront/promenade area (Phase 1);
- 2) ~90m long area located at the western end of the Basin (Phase 2);
- 3) The northern and southern end of the Basin (Phase 3).

Vision

The Hong Kong Water Sports Council envisaged the Wan Chai Basin and the immediate surrounding land to be a long-term **base for community and international water sports activities**. This includes a water sports centre building with supporting facilities such as changing rooms, first aid and spectators roof/balcony.

It was also recognised by the Government-commissioned **Urban Design Study for Wan Chai North and North Point** that the site has the potential of being developed into a hub for water sports and recreation.

Situation

In 2018, CE was open to different delivery models for the long-term development and management of the Basin, including the PPP model.

A harbourfront promenade was opened in 2020 (Phase 1). Harbour steps and slipway supporting water activities are currently under construction on the western end of the Basin (Phase 2) by government.

Recently, various water sports events have been held in the Basin based on an informal programme organised by HKWSC.

The site office on the southern end has been removed and being reinstated.

Complication

The Basin will still be needed as works area for infrastructure projects at least up to 2022 tentatively (Phase 3) (northern part).

Long-term management of Wan Chai Basin and surrounding land remains uncertain.

Use as watersports precinct becoming accepted.

The promenade is currently managed and operated by Government in a low-key manner, but the responsibilities and long term management of water access and sports remains unclear

Stakeholder management is critical to successful site development



Questions

- How should the **competing needs of different stakeholders be managed**, and responsibilities aligned for **effective governance**?
- How can the site be **integrated with the newly opened Wan Chai Promenade** to maximise public benefit?
- Assuming CAPEX is Government funded*, **how can OPEX costs be sustainably met**?
- What **management model** is appropriate for such a site?

Source: Development Bureau

*Government has approved HK\$6.5 billion for harbour front development

4 Central Harbourfront - Site Overview (UDS Master Layout Plan)

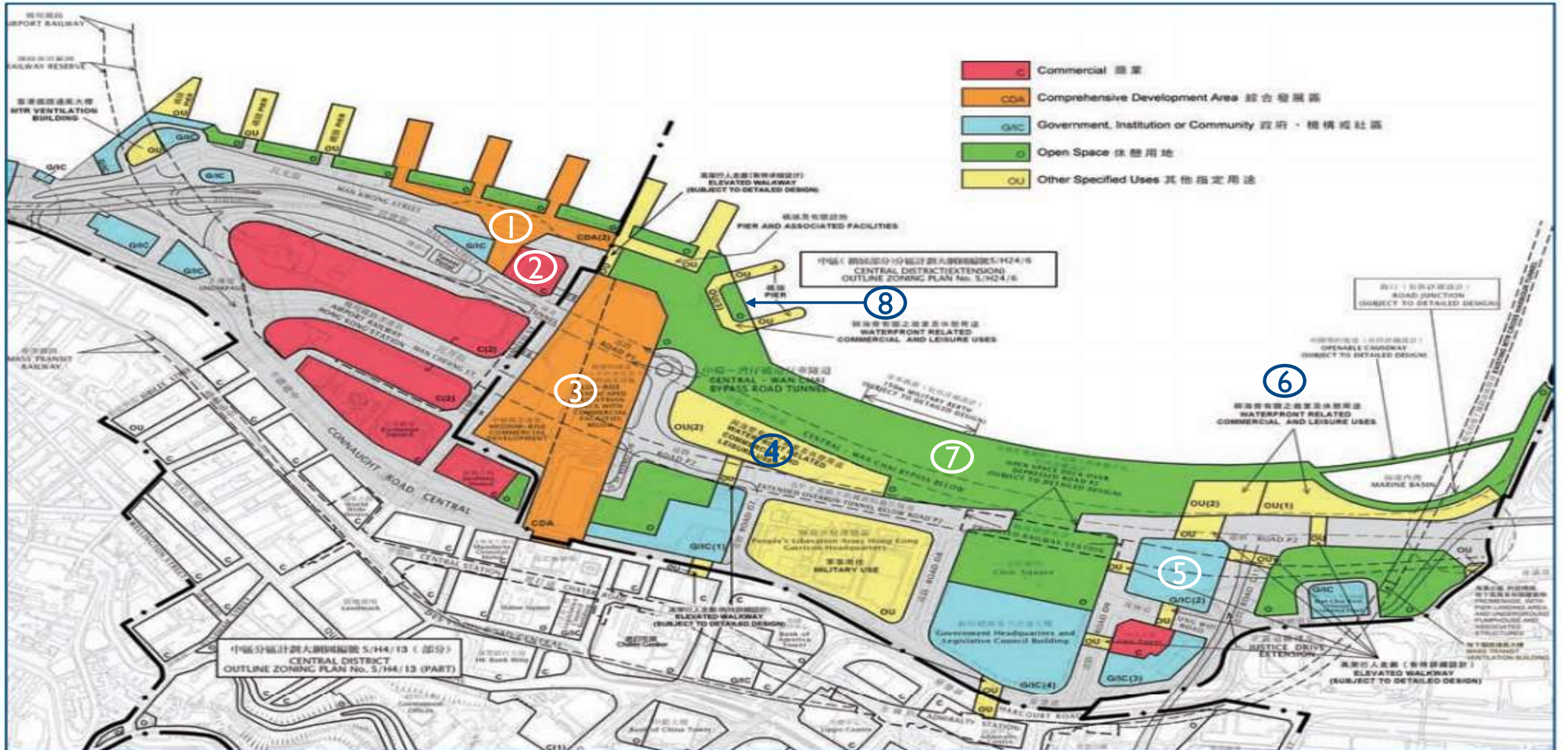
The 2011 Master Plan sets out a clear vision for the redevelopment of the central waterfront



Source: Planning Department - Urban Design Study for the New Central Harbourfront

4 Central Harbourfront - Site I - 8 Overview (OZP Zoning)

The 2011 Master Plan sets out a clear vision for the redevelopment of the central waterfront



Source: Planning Department - Urban Design Study for the New Central Harbourfront

4 Central Harbourfront - Site background, situation and complication

There is a need to create a vibrant, green and accessible New Central Harbourfront that is symbolic of Hong Kong, including the “Central Harbourfront Event Space”

Background

The Central Harbourfront consists of 8 key sites under the **Urban Design Study for the New Central Harbourfront (UDS)**. These are zoned “Open Space”, “CDA”, “CDA(2)”, “Commercial”, “G/IC(2)”, “Other Specified Uses (OU) (1)” and “OU (2)” (for waterfront related commercial and leisure uses).

Central Harbourfront Event Space (CHES) is located between the Central Pier 10 and Tamar Park. It occupies an area of 3.6 ha covering Site 4 and part of Site 7.

Two subsidiary sites are located to the east of Tamar Park.

Vision

According to the UDS, **the vision is to create a vibrant, green and accessible New Central Harbourfront that is symbolic of Hong Kong.**

The planning intention of the “OU” zones are primarily for the provision of public waterfront promenade and low-rise, low-density public water recreation related uses to serve the need of the general public.

Situation

For the CHES, tender was awarded to Central Venue Management Limited (CVM) and a three-year short-term tenancy commenced in Q2 2014. CVM is still the management agency/operator of the CHES on a temporary basis.

For other sites, Government recently launched an open tender for Site 3 under the two-envelope approach. Bidding result is expected in Nov 2021.

DevB appears to have plans to develop Site 1 and 2 into a distinctive civic node and mixed use precinct.

Complication

To strengthen CHES’ community role, the Government included in the STT a condition that a minimum of 120 days per year would have to be allocated for organising activities in which the public could participate for free.

Separately, there **does not appear to be any arrangements for the two subsidiary sites**, nor the open space areas (Site 6, remaining of Site 7 and entirety of Site 8).

There appears to be **no open tender or long-term arrangements yet for Sites 4-8.**

There is a need to find a long term management model for the central waterfront which optimises its public value and showcases the best of Hong Kong to a global audience



Achievements

- **International** events brought to Hong Kong for the first time, nurturing **home-grown talents**, best demonstrated by events such as Clockenflap.
- Private sector involvement brought **vibrancy and diversity** to the harbourfront areas
- Created a **high-quality environment** and range of facilities for events, including F&B.
- Met Government department **standards for all arrangements** in relation to hygiene, safety, risk, etc.



Challenges

- **Staying creative and innovative** to attract audiences and visitors to the harbour front areas.
- Diversity to cater for multiple different users and be inclusive - it must have **something for everyone**
- **Private sector participation** to ensure sustainable financial viability and attract those with new ideas
- Maintain the **quality of the site** as images and experiences at the site will be shared with a global audience



Questions

- How should the site be **managed in the long-term?**
- **Will the plans in the Urban Design Study conducted by the Government be implemented?**
- How to ensure the entire harbour front provides a **continuous high-quality experience, with seamless interconnectivity** between the waterfront, transport interchanges and public spaces?
- **How to engage the many stakeholders** with an interest in the waterfront (economic & public) to drive inclusive development?

Where an entity is required to manage, operate and maintain a community asset, current management models could be improved by addressing the following issues

Key issues: management model

Not For Profit (NFP) status of tendering operators

- Operators must be **permitted to earn a return and be incentivised to invest** in the community asset if it is to achieve its social objectives
- Allowing for profit operators would **ensure the community asset is self sustaining** and increase revenues for Government from any profit-sharing arrangement, a ‘win-win’ situation.

Short term leases

- Longer term leases **encourage investment by operators** in the community asset. At present, investors fail to be compensated, making a loss in most cases.
- Longer leases would **contribute to improved financial sustainability**

Lack of talent /expertise in MOM

- Skilled individuals in the MOM of community assets are needed to bring creativity and expertise to community projects to make them a success. Such **talent is in short supply in Hong Kong**.
- The community sector lacks the capacity to respond to all opportunities. More should be done to **built capacity in the non-profit and community project sector**.

Ensuring the public interest is adhered to and governance of community assets, independent of management model, are also issues identified in the case studies

Key issues: public interest and governance

Ensuring the public interest is served

- There is **lack of a mechanism to ensure the public interest is served in the development and operation of community assets**, specifically as they relate to complex and multi- stakeholder environments such as the Victoria harbourfront
- For example, who is responsible for ensuring public access to the harbourfront and that building and landscaping are consistent with an overall high-quality vision and theme

Addressing gaps in provision

- Where responsibility for a community asset is left undetermined, **how is responsibility assigned to fill this gap in provision.**
- Hung Hom Park and Wan Chai basin case studies both illustrate the need for **clear governance and ownership to be assigned**



III. RECOMMENDATIONS

Building on recent proposals, we recommend a three step development of community asset management and governance along the harbourfront to maximise the public good

Initiatives for a better harbourfront: Our recommendations



▶ **Alternative management models are necessary to attract investment and ensure self-sustainability**

Recent proposals invite non-government entities to manage community assets creating opportunities for event organisation and venue management by social enterprises

Summary of current boardwalk proposal

Non-government agents to manage community assets

- MOM approach proposed to Harbourfront Commission relating to eastern corridor boardwalk
- Government owns, maintains and operates the asset (department to be determined)
- Non-government entity with the capacity, expertise and experience in similar assets to manage the community asset for maximum public benefit
- Proposals neglect to address the fragmentation in quality, access and value created across the entire harbourfront from separate management agents
- Unclear whether the requirement for not-for-profit entities remains

Responsibility	Governance	Maintenance	Operation	Management
Entity	Government	Government	Government	Non-Gov. Entity

▶ We recommend that for profit organisations with the expertise and experience should be eligible for managing community assets as a source of creativity, funding and professional management (i.e. social enterprise)

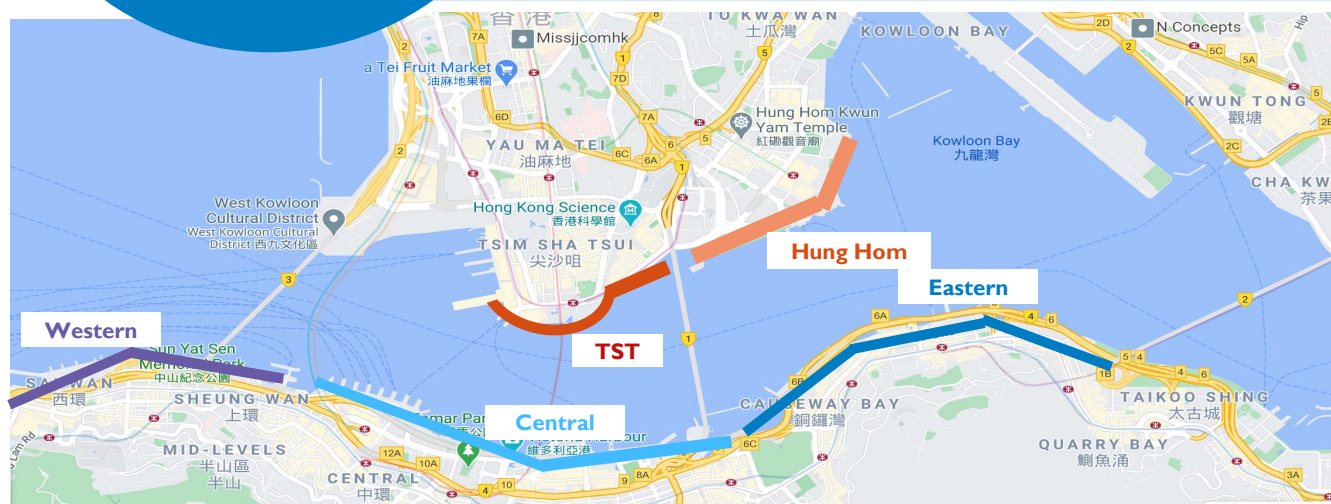
Recommendations

To improve management coordination and cooperation between interconnecting community assets, we recommend establishing community management committees

Competition and cooperation along the harbourfront

Establish community management committee

- Brings together all entities involved in managing community assets along the harbourfront
- Establishes a forum to discuss common issues (access, visitor attractions, large event planning, promotion and marketing, harbourfront development, climate change, water quality, etc.)
- Acts as a platform to share best practice in Hong Kong and undertake joint initiatives
- Encourages individual and/or groups of management agents to compete and collaborate to attract visitors, investment and incentivising innovation and creativity



We envisage committees established along the waterfront to reflect differing community needs

Each committee to comprise of all non-gov entities managing community assets, and representatives of civil society organisations and government departments

To prevent fragmentation and ensure high quality management of community assets we recommend establishing a “Harbour Agency” to provide overall governance & coordination

Harbour Agency: Overview

Establish Harbour Agency

- Addresses current fragmentation to ensure consistency of design, development and management of community assets along the harbourfront (i.e. across sections and managing agents)
- Raises overall quality of community assets along the harbourfront, overseeing the coordination of harbour initiatives
- Encourages investment by non-government entities (donors, private companies) to expand the facilitates and potential uses of the harbourfront, attracting visitors and maximising public good
- Consultant to the government on future harbourfront developments and planning matters, ensuring public good is met and quality of the harbourfront is maintained

We recommend the Agency formalises the structure proposed for the management committee, with civil organisations using and interested in the preservation of the harbourfront (i.e. Watersports Council, HBF, Designing Hong Kong, etc.) at its core to ensure public good objectives are met.

Agency is best established as a corporation under the Financial Secretary’s Incorporation Ordinance (FSI)

A further study to define the best organisational structure and operating model for the agency is recommended

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Harbour Business Forum

Disclaimer: This report represents the work of the authors. The opinions in this paper reflect those of the authors and in no way represent their affiliated or sponsoring organisations.

Under the Financial Secretary's Incorporation Ordinance (FSI; CAP.1015) an agency, including any subsidiaries at district level, can be established to manage community assets

The Financial Secretary may give administrative directions and instructions for the control and management of the public finance as defined in relevant legislation

- The Financial Secretary is the corporation sole director
- The Financial Secretary can acquire all types of asset
- Property/property rights can be vested (or remain vested) in FSI
- The Financial Secretary cannot divest assets
- Financial Secretary may delegate its powers with sealed deeds, etc. being receivable as evidence
- CS of Administration certification to be conclusive of relevant FS involvement
- No conveyance required in certain circumstances to effect transfer