

Yau Tsim Mong District Council

Proposed Establishment of a Harbourfront Authority Phase II Public Engagement Exercise

Purpose

This paper briefs Members on Phase II Public Engagement Exercise (Phase II PE) for the proposed establishment of a Harbourfront Authority (HFA) and seek Members' views on the proposal.

Background - Phase I Public Engagement Exercise

2. In October 2012, the Harbourfront Commission (HC) submitted a proposal to the Chief Executive (CE) for setting up a dedicated HFA to press ahead with harbourfront development in a holistic manner with an innovative mindset and a more flexible management approach. Subsequently, HC and the Development Bureau (DEVB) jointly launched a 2-phase PE Exercise in October 2013.

3. Phase I Public Engagement Exercise (Phase I PE) was conducted from October 2013 to January 2014 to seek public views on their aspirations for the harbourfront; whether the existing model could meet their aspirations; whether an HFA should be established; and if so, which model or approach would be more suitable. During Phase I PE, a total of 27 briefings were held for various stakeholders, including the Legislative Council (LegCo) Panel on Development, nine District Councils (DCs) with shoreline on Victoria Harbour, professional bodies, local and overseas chambers of commerce, think tanks and universities. That also included four public forums. We consulted the Yau Tsim Mong District Council on 31 October 2013. Views collected in Phase I PE indicated that there was general support for the establishment of a dedicated authority though there were different views on the model that should be adopted.

Phase II Public Engagement Exercise - Objective

4. The objective of Phase II PE is to consult the public on detailed arrangements for the proposed HFA and to facilitate more in-depth public discussions.

5. Taking into account views received in Phase I PE, HC and DEVB have drawn up a detailed framework for the operation of the proposed HFA, including its vision, functions, financial arrangements, land allocation and public accountability measures. We have sought to address the views expressed during Phase I PE in the detailed proposals as set out in the PE Consultation Digest at **Annex**. The major features of the proposals are set out below.

Phase II Public Engagement Exercise – Detailed Proposals

Vision of HFA

6. During Phase I PE, majority of the public agreed with the proposed vision, that is “to enhance Victoria Harbour and its harbourfront areas to become an attractive, vibrant, accessible and sustainable world-class asset: a harbour for the people and a harbour of vitality.” Hence, we propose that HFA should adopt the above vision statement.

Objectives of HFA

7. The public did not have much diverse view on the proposed objectives that HFA should adopt, including the promotion of community involvement, facilitation of cross-sectoral co-ordination, and striking a balance between social objectives and commercial principles. Taking into account other views expressed by the public during Phase I PE, we propose that HFA should perform its functions having regard to the following key objectives -

- (a) protect, preserve and enhance Victoria Harbour, uphold and strengthen its position as the icon of Hong Kong, and nurture the sense of belonging that Hong Kong people have for Victoria Harbour and its harbourfront;
- (b) promote and deliver an attractive, vibrant, green, accessible and sustainable harbourfront with diversified attractions and activities

for public enjoyment;

- (c) recognise Victoria Harbour as an efficient working harbour and its harbourfront as a unique public urban space for all people of Hong Kong to enjoy and maintain this balance going forward;
- (d) facilitate and enhance partnership and collaboration among HFA, Government, non-government organisations and the private sector in pursuing harbourfront projects from planning, design, construction, operation to management with a view to achieving balance in economic benefits, social objectives and environmental well-being;
- (e) promote public engagement at all stages of project development and encourage wide participation of the local community in designing and managing public open space within the sites allocated to HFA; and
- (f) promote the concept of sharing of public space and create an inclusive and diversified harbourfront with innovative designs and flexible management.

We also propose that the above proposed objectives may serve as yardsticks for evaluating the performance of HFA.

Functions of HFA

8. During Phase I PE, HC and DEVB put forth the suggestion that the proposed HFA might perform three major functions: (a) governance and management, (b) advisory and advocacy, and (c) executive functions. Taking into account the views and concerns expressed, we propose that HFA should carry out the functions as detailed below.

Governance and Management Functions

9. On governance of HFA, we propose that HFA should have a governing Board to oversee its operation, including the drawing up of corporate and business plans; overseeing the overall development and management of the sites allocated to it; implementing public accountability measures; managing resources and finances; and setting key performance indicators and evaluating performance of the executives.

Board Composition

10. We propose that the HFA Board should have broad-based representation comprising not more than 20 members to ensure effective operation. The Board should have a Chairman and a Vice-Chairman (one to be a public official with the other a non official), senior public officials from relevant bureaux and departments, head of the HFA executive arm, a LegCo/DC member from harbourfront districts and non official members with a mix of professional expertise and experience, such as town planning, urban design, architecture, landscape architecture, engineering, surveying, legal, finance, economics, strategic planning, environmental and sustainability matters, property / venue management, promotion / marketing, placing-making, *etc.* Board members would be appointed by the Chief Executive on a personal basis except the ex-officio members. In order to enable wider stakeholder participation in the process of harbourfront planning, development and management, we also propose that HFA should establish committees to involve or co-opt members other than the appointed Board members.

Accountability Measures

11. During Phase I PE, the public agreed that there would be adequate accountability measures in the light of substantial resources to be allocated to HFA. To assure the public that HFA would dutifully and properly discharge its functions and deploy public resources in a prudent and transparent manner, we have made reference to the accountability arrangements of similar statutory bodies. We propose that the major requirements currently applicable to comparable statutory bodies should be applied to HFA, including, among other matters, submission of corporate plan and business plan for Government's approval, submission of annual report to Government and LegCo, being subject to the examination of the Director of Audit, open meeting except confidential issues, disclosure of interests by Board members, *etc.*

Land Matters

12. Noting that the Victoria Harbourfront is some 73 km long and parts of them have been developed or required for port operation, it would not be feasible for HFA to take up and manage the entire harbourfront. In this light, we propose that HFA should adopt an incremental development strategy and that the initial allocation of land to HFA for development and management should be relatively modest. Priority should be given to sites that are ready for development upon the establishment of HFA and that HFA could immediately

capitalise on its creativity and flexibility. When HFA has accumulated adequate experience and built its reputation and track record, it may gradually expand to other suitable and available sites.

13. Possible sites which can be considered for allocation included sites in the new Central harbourfront, the Wanchai-North Point harbourfront, the Kwun Tong harbourfront, the Hung Hom harbourfront and the Quarry Bay harbourfront. Our proposal is that through a balanced portfolio of projects and sites, HFA would maintain a balance of commercial return and social objectives, and achieve overall financial sustainability and independence in the long run. That said, the sites allocated to HFA should not be “privatized”. In other words, HFA will not be allowed to sell land or properties on allocated lands.

Financial Matters

14. There were diverse views on the financial arrangement during Phase I PE. Some opined that HFA should be given a large sum of upfront endowment and should not rely on recurrent funding from the Government to ensure independence and flexibility, while some worried that this might encourage over-commercialisation and compromise HFA’s vision if it had to be financially self-sustainable.

15. Taking into account the above views, we consider that, on the one hand, it is necessary to address the issue of resource competition within Government and to ensure certainty of funding for HFA. On the other hand, we need to alleviate public concern of handing over a large sum of one-off funding to a newly established body. We therefore propose that a dedicated fund roughly sufficient to cover the capital costs for the development of designated sites be set aside within the Government. Instead of an upfront endowment, we propose that HFA be provided with an initial funding (out of the dedicated fund) to cover, say, the first five years of operation. Funding for projects that are ready for implementation will separately be drawn from the dedicated fund. Similar to other public works project, approval from LegCo will be required. Further injection of capital could be considered having regard to the future development plans of HFA.

16. We will conduct a financial consultancy study to assess the estimates of funding requirements for potential sites under various development scenarios and operational resource requirements for HFA and the study is expected to complete in 2015.

Advisory and Advocacy Functions

17. At present, HC performs advisory and advocacy roles in the envisioning, planning, development, management and operation of the harbourfront areas. We propose that, upon its establishment, HFA should take over the current advisory and advocacy role of HC in relation to Victoria Harbourfront as a whole and HC should be disbanded to avoid confusion or the perception of multi-layering.

18. In future, HFA will, among its other functions, advise the Government on the holistic and strategic development of the harbourfront and its associated water-land interface, comment on plans and projects on Victoria Harbourfront raised by private and public proponents, and promote wider application of Harbour Planning Principles and Harbour Planning Guidelines.

Executive Functions

19. To fulfil the vision and objectives mentioned above, we propose that HFA should be empowered with executive functions to develop and manage dedicated harbourfront sites allocated to it. That said, HFA will not derogate from the existing powers and functions of the relevant Government bureaux and departments as well as statutory bodies. The establishment of HFA will not affect the scope of existing laws, such as the Protection of the Harbour Ordinance (Cap. 531).

20. On the arrangement of HFA's executive arm, there were diverse views during Phase I PE on whether HFA should be served by an independent executive team or a dedicated multi-disciplinary Government team. We consider that the suitable arrangement should take into account the need of HFA at different stages of development and focus on the needs during its establishment period. We therefore propose that a dedicated Government team with experienced civil servants from relevant disciplines be seconded to HFA to support its operation and report to HFA's Board during its initial establishment. This is to facilitate a smooth start-up and foster closer liaison between HFA and the Government. That said, HFA may also recruit talents with expertise not readily available in the civil service to ensure a well-rounded team for holistic planning and development of projects. When the operation of HFA and its projects are on track with adequate experience accumulated, HFA will start building its own independent executive team and gradually phase out the Government officers and replace them with suitable talents recruited from the private sector.

Phase II Public Engagement Exercise – Events

21. HC and DEVB jointly launched the 3-month Phase II PE on 25 September 2014. In addition to the briefing for nine DCs with shoreline on Victoria Harbour, we would brief the LegCo Panel on Development, professional bodies and chambers of commerce on our proposals. We have conducted two public forums on 11 October 2014 and 8 November 2014 respectively. One more public forum will be conducted. Meanwhile, members of the public may express their views through various channels, including our website (www.hfc.org.hk/hape), facebook and questionnaire.

22. With the support from the nine DCs with shoreline on Victoria Harbour, we have also launched the “My Victoria Harbourfront Mini-movie Competition” until 31 December 2014. The Competition aims to encourage the public to share their stories related to the Victoria Harbourfront and raise their sense of belongings and passion towards the Victoria Harbour.

Way Forward

23. While HC and DEVB have put forth the above proposed arrangements to consult the public, they are not a final option already cast in stone. HC and DEVB hope to follow our long-established public participatory approach and engage the public through an interactive process, inviting the public to express their views as to how to take forward harbourfront enhancement works. After completing Phase II PE, HC and DEVB would consolidate public views received and the way forward would be formulated depending on the feedback received.

24. Members are invited to note the arrangements and suggested way forward of the PE exercise, and provide views on the proposed detailed framework for HFA.

**Development Bureau
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