

Integrated Harbour Vision and Delivery Plan - The Business Case

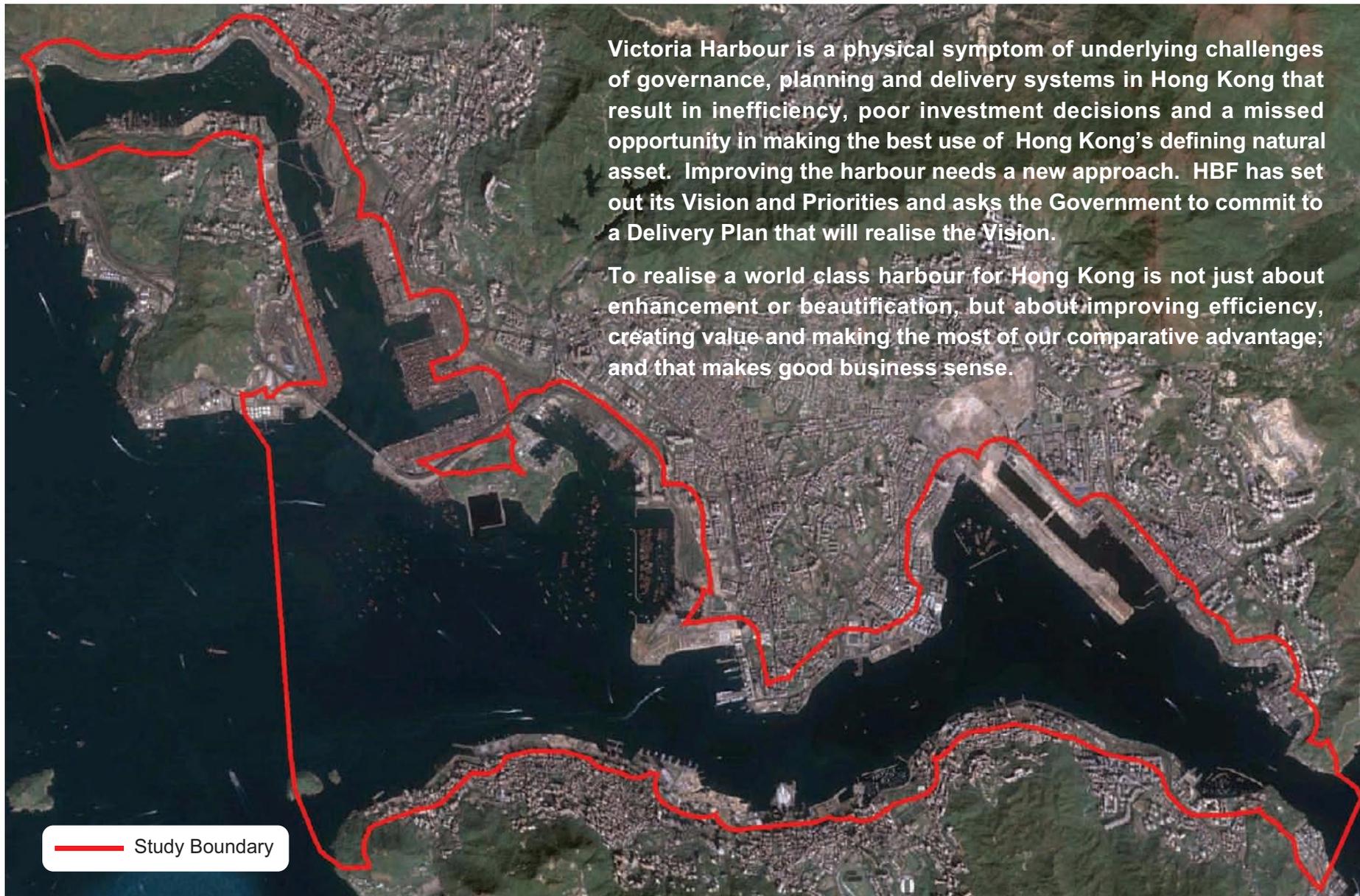
November 2009



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Victoria Harbour is a physical symptom of underlying challenges of governance, planning and delivery systems in Hong Kong that result in inefficiency, poor investment decisions and a missed opportunity in making the best use of Hong Kong's defining natural asset. Improving the harbour needs a new approach. HBF has set out its Vision and Priorities and asks the Government to commit to a Delivery Plan that will realise the Vision.

To realise a world class harbour for Hong Kong is not just about enhancement or beautification, but about improving efficiency, creating value and making the most of our comparative advantage; and that makes good business sense.

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Chairman's Foreword



The Harbour Business Forum (HBF) is one of Hong Kong's largest business alliances. Formally launched in June 2005, our establishment and continued member support reflects a common concern: that developments in and around our harbour could have a negative impact upon the future development and competitiveness of Hong Kong.

We believe that realising a Vision for the harbour is not just about site specific design and beautification but about improving efficiency, creating value and making the most of our comparative advantage. Our mission is to see Hong Kong's harbour and harbour-front areas become a genuinely vibrant, accessible and sustainable world class asset.

Through extensive research, pro-active government engagement, design competitions and awareness-raising events, HBF has consistently pushed for a new approach to harbour planning. The new approach needs to be holistic and integrated, one that appreciates the unique importance of Victoria Harbour to Hong Kong's quality of life and economic

competitiveness and recognises social and community values.

Over the past four years HBF has invested considerable resources in achieving this goal. HBF has commissioned opinion surveys, produced guidelines, undertaken audits of harbour-front land-use, placed a dollar value on community preferences for better harbour planning and studied alternative institutional arrangements. HBF has organised events, held workshops, met with Government officials and responded to the Administration's proposals for key harbour sites.

We would like to believe that our efforts are starting to reap rewards. Our research is now being cited by Government to the Legislative Council and we were recently name-checked in the 2009 Chief Executive's Policy Address. Moreover, policy appears to be shifting in line with our suggestions and new institutional arrangements are being considered. However, while HBF sees movement in the right direction, opportunities to transform

Victoria Harbour and its harbour-front into a world class asset continue to be lost to the detriment of Hong Kong's businesses and its people.

This Study pulls all of our previous work together into an Integrated Harbour Vision and Delivery Plan – the Business Case. It uses Government terminology to outline the business rationale as to why our Vision for the harbour needs to become a reality for the future success of Hong Kong and how that Vision really can be achieved. It is this business case approach that makes this study the first of its kind for the harbour. A business case, from the business community.

“Asia's World City” should accept nothing less than a world-class harbour. As so clearly articulated by this report, the means to achieve that goal are entirely within our own control.

A handwritten signature in black ink, reading "Rhydian Cox". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Rhydian Cox
Chair of the HBF Executive Committee



EXECUTIVE SUMMARY

1 Objective and Approach

The objective of the Study is to provide a Vision and Delivery Plan that will convince the public to support and the Government to adopt, a new integrated approach to the planning, development and management of Victoria Harbour.

The rationale for undertaking the Study and proposing a new approach is that HBF recognises that the current state of Victoria Harbour is a missed opportunity. Liveability and the urban environment are increasingly important as cities compete for business and talent and whilst other cities are using their water-fronts to enhance their attractiveness, Victoria Harbour is undermining our competitiveness and our status as a world-class city.

HBF appreciates that realising a Vision for the harbour is not just about beautification but about improving efficiency and creating value for public money; as well as providing greater opportunities for growth, jobs and community value, and this makes good business sense.

In the same way a manager would address the problems of an ailing business, the Study examines the underlying causes as to why Victoria Harbour, one of Hong Kong's greatest assets, is no longer our comparative advantage. HBF's approach is a business approach, not a bureaucratic one. The Study sets out our Vision of what the harbour could do for Hong Kong; and shows how that Vision can

be realised through the adoption of a new integrated approach, as detailed in the Delivery Plan.

The Study adopted a rigorous, evidence-based and participatory approach over a nine month period. This included a review of relevant studies and literature on the harbour, examination of physical, social and economic evidence, analysis of governance and institutional processes, international case studies and options for harbour management, investigation into funding mechanisms and best practice in water-front policy and planning. Three workshops were held with senior Government officials and HBF members and individual meetings were held with chambers of commerce and relevant Government departments and bureaux.

2 Underlying Causes

The underlying causes behind why Victoria Harbour is failing to live up to its potential include:

- Lack of a vision, leadership and a set of clear policies that prioritise the harbour
- No strategic plan for the harbour. A plan done in 2003 was inadequate in both depth and coverage and the recommendations were not implemented
- An inadequate plan-making system that prioritises transport and other infrastructure whilst aspects such as open space, design, economic and community activities are given less or little attention

- Lack of implementation tools and precedents to provide guidance in how to deliver projects and programmes
- Restrictive and inflexible management practices for harbour-front public places
- Dichotomy of capital and recurrent funding and limited funds available for ongoing maintenance and site animation
- Absence of a project cycle to facilitate appropriate decision making and evaluate outcomes against targets
- Weak governance structure for the harbour; existing bodies lack remit, responsibility and resources to deliver multi-dimensional solutions

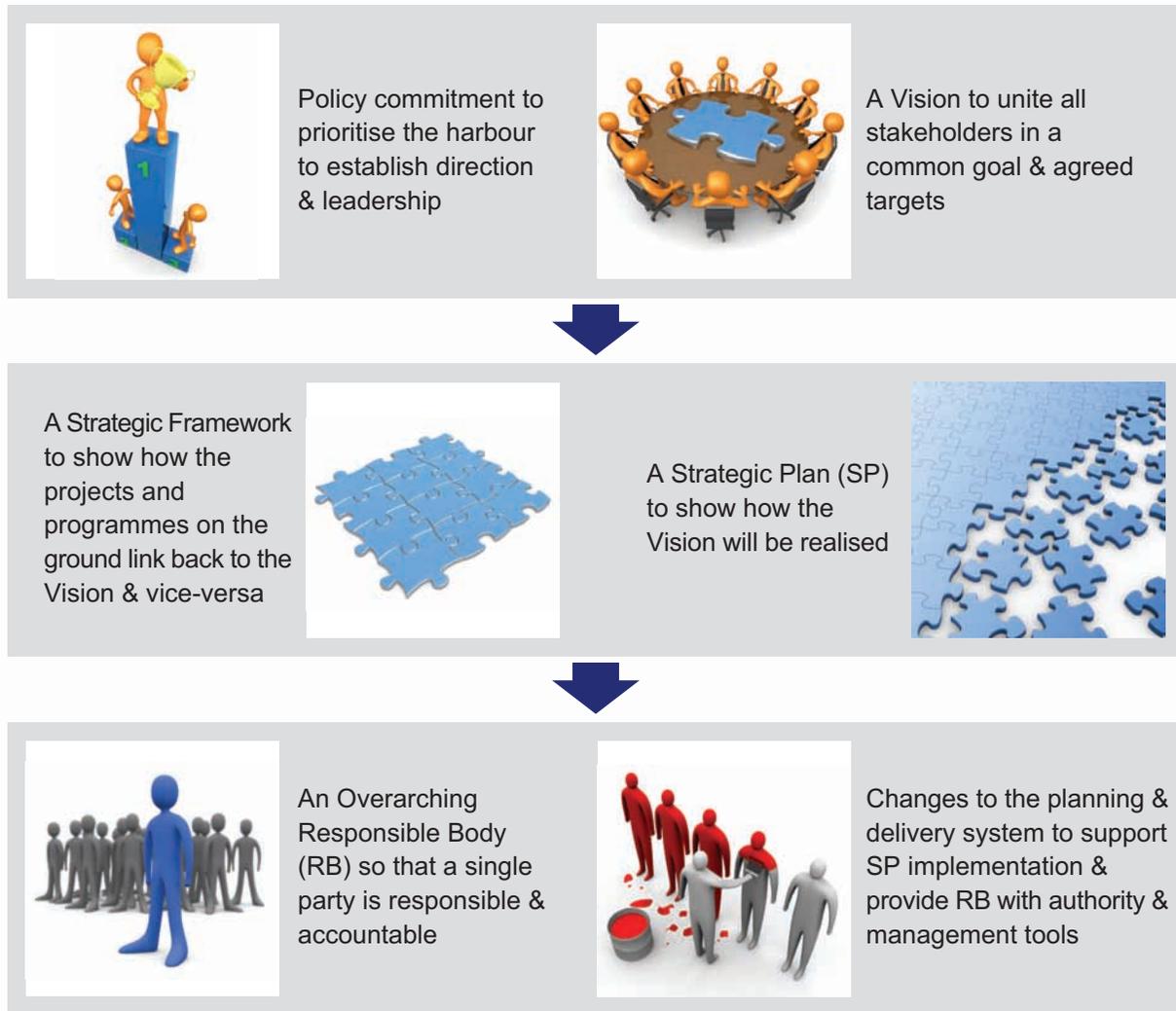
The issues affecting the delivery of a Harbour Vision are complex and multi-dimensional. The analysis of the underlying causes suggests that few of the problems are harbour specific. Instead, the harbour is a symptom of endemic deficiencies and inadequacies in the planning and delivery systems in Hong Kong.

3 A New Integrated Approach

Given the multitude of underlying causes it is clear that we need more than just a new plan; rather we need an entirely new approach to harbour planning, development and management. Moreover, this new approach needs to be integrated, meaning that all relevant actions are undertaken in a joined-up fashion in order to achieve a common goal. HBF's recommended new approach is designed to



A New Integrated Approach



Source: GHK Study Team

address harbour specific issues as well as wider issues that impact on the harbour. It is a conservative, progressive and effective approach, comprising six key components, all of which are complementary.

Importantly, none of the components are individually controversial. All six were discussed and generally supported at the three joint HBF-Government workshops.

4 Policy Commitment and Vision

First, the Government needs to announce a clear policy commitment with respect to the harbour. All decisions that affect the harbour should assign highest priority to the harbour itself. Clear commitments should include adopting a Vision, appointing a Harbour Champion and changing the way the harbour is currently planned, developed and managed,

HBF's Vision is: "to revitalise Victoria Harbour and its harbour-front areas to become an attractive, diverse, vibrant, accessible and sustainable world-class asset for the economy, people and visitors of Hong Kong: a harbour for the people, a harbour of life"

This Vision was tested at the second joint HBF-Government workshop. The Vision is articulated by a set of Priorities, developed at the workshop. Priorities represent the most important elements necessary to achieve success. HBF's seven Priorities for the Harbour are:

- Ownership, as a public asset
- Diversity of activities, vibrancy and distinctive district identities
- Pedestrian accessibility and connectivity
- Development of harbour-front businesses and maritime assets
- Destination and heritage
- Environmental quality
- Design excellence

The main report sets out targets and monitoring mechanisms for each of these priorities so that it is possible to determine performance of those responsible for delivering the Vision. The Vision and Priorities are intentionally aspirational. They represent the long term position that Hong Kong can achieve.

5 Strategic Framework and Strategic Plan

The new approach also includes the development of a Strategic Framework and Strategic Plan. The Strategic Framework and Strategic Plan would further develop the Vision and Priorities and set them within a spatial context. The Strategic Plan considers the existing situation and sets out what should be done where, when, how and by whom in order to deliver the Vision. It should clearly show how its proposed projects and programmes will deliver the Priorities, which in turn deliver the Vision and vice-versa. A Strategic Framework and Plan with such a wide ranging, cross-sector scope will

need an overarching body to be responsible for delivery. These actions are usual in successful water-front regeneration elsewhere in the world.

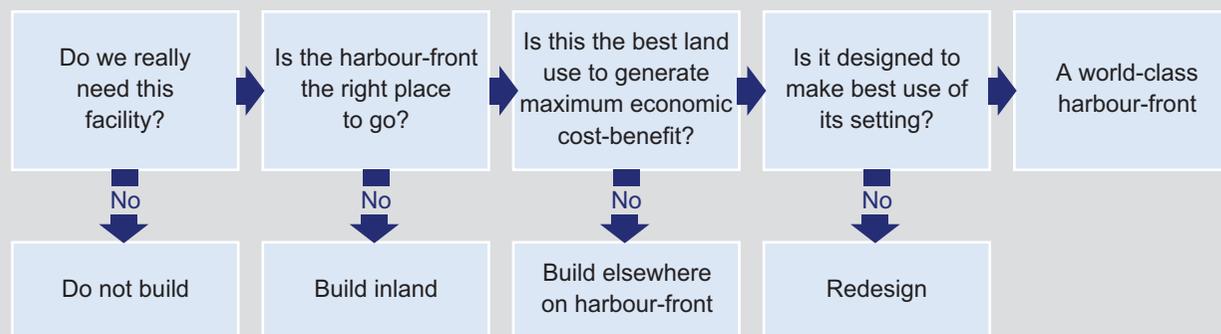
6 Planning and Delivery Systems

The new integrated approach also includes necessary changes to the existing planning and delivery systems in Hong Kong. Even with a new Strategic Plan in place, Hong Kong lacks the tools and precedents to get projects and programmes successfully implemented and the management experience to create vibrant places. The need for

such changes was established at the third joint HBF-Government workshop in which attendees were asked to apply projects and programmes to the area of Kwun Tong. Attendees quickly realised that unless decision making processes and the planning and delivery system changed, the projects and programmes could not be successfully implemented.

Without solutions that overcome the endemic problems in the planning and delivery systems specific to Hong Kong, Hong Kong will never realise the Harbour Vision.

A Simple Harbour Land Allocation Decision Tree



The decision tree demonstrates the necessary steps in land allocation. There are many developments around the harbour-front that we all know would not pass these simple tests.

Source: GHK Study Team



7 A Responsible Body

Given Hong Kong's unique situation, HBF proposes two different forms of overarching responsible body to match the circumstances and the roles and responsibilities required at different stages in the delivery process.

In the early years, the tasks of the overarching body will need to focus on planning and managing what are currently Government activities. This is a task for a high level committee. HBF proposes a Harbour Committee (HC) headed by the Chief Secretary in order to ensure sufficient authority within the Government hierarchy to manage conflicting bureaux and departmental objectives. Membership would include both public and private sector representatives.

The HC would be supported by a dedicated executive team seconded from relevant Government departments and specialist individuals from the private sector / overseas to pioneer new approaches to harbour delivery and management, such as place-making and effective stakeholder engagement.

The HC would provide vision, leadership and policy direction for the harbour. It would be responsible for establishing a new modus operandi with respect to decision making and be tasked with the power to stop inappropriate and pre-emptive development as well as any design that does not celebrate its harbour-front location.

HC would be responsible for developing the Strategic Framework and Strategic Plan and, with others, providing the tools to implement it. Three new guides are recommended:

- Project Cycle Manual to facilitate appropriate decision making and evaluate outcomes against targets
- Project Implementation Guide to provide practical tools and step by step advice for turning plans into reality
- Area Management Guide to provide mechanisms and guidance including how to involve the private sector and how to animate the harbour-front

The HC with others would be responsible for pilot projects to establish precedents for implementation and provide evidence of what could be achieved. The HC would also harness support and manage its own exit strategy through the establishment of a statutory Harbour Agency (HA).

As with the Airport Development Steering Committee leading to the Airport Authority and the Consultative Committee for West Kowloon leading to West Kowloon Cultural District Authority, the HC would be the first step en-route to a statutory body. However, since a committee cannot hold or control funds, this form of overarching body is not sustainable in the long run. The chairman of a committee is not solely dedicated to this responsibility, and in practice a committee can only really be advisory in nature. Given these limitations, a committee is unlikely to deliver the Vision in the long term but is the most effective first step.

HBF therefore proposes establishment in the medium term of an HA, established under specific legislation, to be responsible for the delivery and management of the harbour. The HA would be autonomous and chaired by a private sector individual. The HA would have its own staff and provide the relevant checks and balances required of a publicly funded body.

The HA would be funded through an upfront capital endowment as seed capital and hypothecation of land (giving them the right to develop, manage and/or earn income) to implement the Strategic Plan. The HA would likely manage harbour-wide programmes but task and fund other bodies such as community-based trusts, partnerships or the private sector to implement specific projects, depending on the type of project being proposed. As a statutory body, the HA would be able to partner more effectively with the private sector and leverage private sector funds for both implementation and management.

8 Recommended Delivery Plan

The Study shows how this new approach can be implemented through a series of step by step actions, a summary of which are shown on the opposite page. The main report provides further details as well as critical supporting actions undertaken by others and a timeline, explained as a roadmap. The roadmap explains why each proposed action in the Delivery Plan is necessary and how they interact and mutually support each other to deliver the Vision.

Outline Delivery Plan, Critical Actions

Action	Description and Responsibility	Problems Addressed
Policy Commitment	<ul style="list-style-type: none"> Government announce strong policy statement to prioritise the harbour, including an overarching body, identifying a Harbour Champion and adopting the HBF Vision 	<ul style="list-style-type: none"> Lack of a vision, leadership and policies which prioritise the harbour
Establish Harbour Committee	<ul style="list-style-type: none"> HC amend current harbour-front statutory plans to put all infrastructure into column 2 which requires Town Planning Board (TPB) approval; develop new master explanatory notes for harbour-front statutory plans which include TPB approval for exterior design; remove clause allowing any temporary uses HC develop a Harbour Strategic Plan i.e. a multi-sector comprehensive strategy HC develop design criteria and vet design of new development on the harbour prior to TPB approval HC vet all harbour related development prior to funding approval to ensure compliance with the new policy commitment Government provide additional recurrent funding to LCSD for managing harbour-front sites 	<ul style="list-style-type: none"> Inappropriate uses and designs on harbour-front for current development sites including Central & Kai Tak Lack of an integrated vision and strategy Inappropriate design Inappropriate plan-making and implementation on harbour Lack of funds for LCSD to take new sites
Develop Necessary Tools for Plan-Making, Implementation and Management	<ul style="list-style-type: none"> HC support Planning Standards Subcommittee (PSSC) to develop a new chapter of the HKPSG for the harbour HC support the PSSC to amend the HKPSG on recreation and open space planning HC jointly with Efficiency Unit to develop a new Project Cycle Manual with specific chapters on (i) determining value for money, (ii) sustainability assessment, (iii) stakeholder engagement and consultation HC with support of LandsD to develop a new Project Implementation Guide which provides guidelines and criteria for: (i) premium concession for certain specific lease modifications, (ii) compensation of land-owners for loss of development rights, (iii) public purpose for resumption along the harbour-front; (iv) over-riding public need for small scale reclamation / harbour sculpting, (v) use of entrusted works to promote private sector provision of public facilities, and (vi) development of a tender system for key harbour-front sites HC with support of LCSD, PlanD, HBF and others, develop a new Area Management Guide which includes: (i) mechanisms and guidelines for involving the private sector, (ii) mechanisms and guidelines for involving the community, (iii) guidelines for adopting tendering systems for public open space management, (iv) guidelines regarding interpretation of relevant ordinances 	<ul style="list-style-type: none"> Lack of appropriate land-use guidance for harbour-front in existing HKPSG Inaccessible / inactive open space Lack of tools for appropriate plan-making and effective decision making and lack of a project cycle Lack of tools for implementation leading to delays, inefficiency, vacant sites and wasted resources. Lack of proactive actions by Government officials resulting from lack of guidance and precedents, in dealing with private sector Lack of tools for creating vibrant public open space, including management by private and community sectors and greater permitted uses and activities
Implement the Guides and Manuals	<ul style="list-style-type: none"> HC implement pilot projects using the new Project Implementation Guide and Area Management Guide (see above) All implement the new Project Cycle Manual, Project Implementation Guide, Area Management Guide and Harbour Chapter of the HKPSG. HC vet all developments prior to funding approval to ensure compliance with the new guides and manuals 	<ul style="list-style-type: none"> Lack of precedents and experience to show what could be achieved Inappropriate plan making and implementation around the harbour
Establish Harbour Agency	<ul style="list-style-type: none"> HC harness support for HA, prepare for ordinance and funding application HA adopt new tools, as well as relevant powers to implement the Strategic Plan, amend statutory plans for TPB approval, fund projects and programmes, partner / task others etc. 	<ul style="list-style-type: none"> 2009 too early for HA, 2nd step Impossible to implement Strategic Plan without necessary tools and mechanisms

Source: GHK Study Team



1 OBJECTIVE AND SCOPE

1.1 Objective

The objective of the Study is to provide a Vision and Delivery Plan that will convince the public to support, and the Government to adopt, a new integrated approach to the planning, development and management of Victoria Harbour.

The rationale for undertaking the Study and proposing a new approach is that HBF recognises that Victoria Harbour is a missed opportunity. Liveability and the urban environment are increasingly important as cities compete for business and talent and whilst other cities are using their water-fronts to enhance their attractiveness, the current state of Victoria Harbour is undermining our competitiveness and our status as a world class city.

HBF appreciates that making the most of the harbour's potential is not just about beautification but about improving efficiency and creating greater value for public money; as well as providing more opportunities for growth, jobs and community value and this makes good business sense.

In the same way a manager would address the problems of an ailing business, the Study examines the underlying causes as to why Victoria Harbour, one of Hong Kong's greatest assets, is no longer our comparative advantage. HBF's approach is a business approach, not a bureaucratic one. The Study sets out our Vision of what the harbour could do for Hong Kong; and shows how that Vision can be realised through the adoption of a new integrated approach, as detailed in the Delivery Plan.

The Study adopted a rigorous, evidence-based and participatory approach over a nine month period.

This included a review of relevant studies and literature on the harbour, examination of physical, social and economic evidence, analysis of governance and institutional processes, international case studies and options for harbour management, investigation into funding mechanisms and best practice in water-front policy and planning. Three joint workshops were held with senior Government officials and HBF members and individual meetings were held with chambers of commerce and relevant Government bureaux and departments.

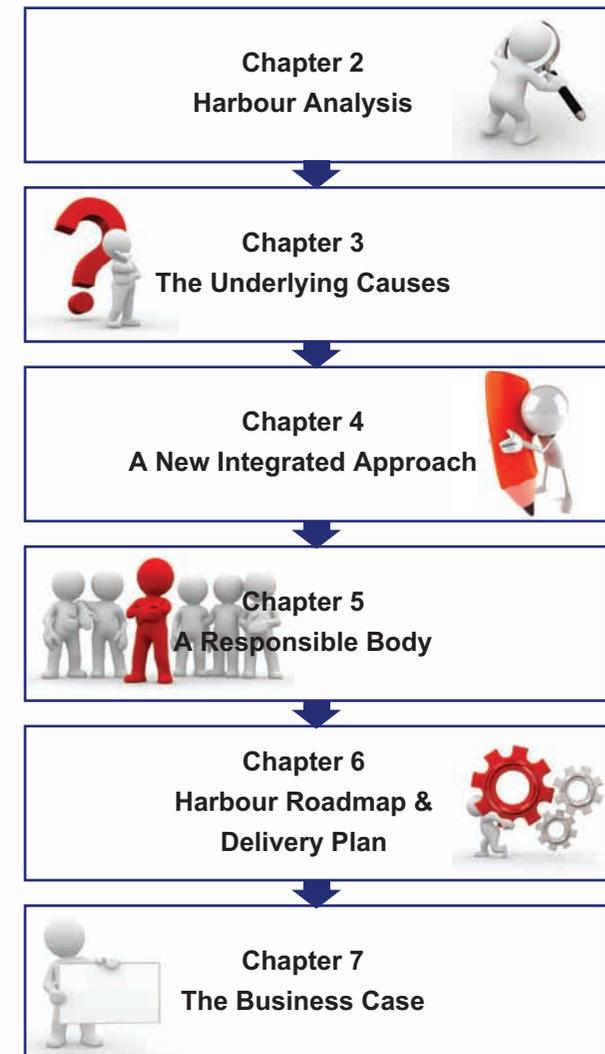
1.2 Scope of Report

The report is structured in six further chapters:

- An analysis of the harbour, highlighting the major challenges and missed opportunities
- An assessment of the underlying causes of these challenges and missed opportunities
- A proposed new integrated approach to the way the harbour is planned, developed and managed, including components that are specific to the governance, planning and delivery systems in Hong Kong
- Recommendations for creation of a new overarching responsible body
- A Roadmap and Delivery Plan to show how these recommendations can be implemented
- The Business Case

The Study is based on the current situation. HBF appreciates that plans are underway to improve harbour-front access and develop specific areas such as Central, Wan Chai and Kai Tak. However, HBF's view is that we are not making the most of these and other harbour opportunities. There is

concern that Hong Kong is repeating many of the mistakes made in the past.



2 HARBOUR ANALYSIS – A MISSED OPPORTUNITY

2.1 Harbour Context

Victoria Harbour is one of the finest natural harbours in the world. Its deep, protected waters were the reason trade flourished and the harbour remains the dominant economic focus of Hong Kong's commercial, administrative and tourism-related activities. Victoria Harbour is at the core of Hong Kong's heritage, an international icon and a source of inspiration to those who live and work here.

HBF would be the first to agree that Hong Kong has other concerns that demand attention. However, as Hong Kong's defining asset and a very visible display of the quality of our urban environment, HBF believes that the harbour has a critical contribution to make in taking Hong Kong forward in the 21st century.

Hong Kong has witnessed significant socio-economic change over recent decades. As Hong Kong has transformed, so has the relevant role and function of the harbour, both to Hong Kong people and the economy. The question is whether the harbour, as currently planned and managed, is fit for purpose? Can it meet Hong Kong's future needs and aspirations? Key socio-economic drivers of change have included:

- Hong Kong's economic transition and the rise of Mainland China
- Increased wealth of Hong Kong's people
- Changing social preferences
- The rise of civil society
- Increased importance of quality of life

Hong Kong is now an international trade and finance centre, positioning itself as the gateway to China, the world's third largest economy. Thirty years ago manufacturing provided half of Hong Kong's jobs whereas now nine out of ten workers are employed in services and work in offices and shops.

With economic growth and transition has come increased personal wealth. GDP per capita has increased more than tenfold in real terms since 1960 and now exceeds the OECD average. Increased wealth brings about social change and changing preferences. Leisure time is increasing with more persons retired and Hong Kong people are more concerned about their environment, including hygiene, building repair and the importance of fresh-air and exercise, resulting in a desire for lower density living.

At the same time, the public appears to have lost confidence in the Administration's stewardship of the urban environment. Hong Kong people are eager to play a part in shaping the city in which they live and there has been a rise in the number of civil society organizations in recent years providing people with channels to express their views. The media seems to have become more questioning and critical of the Administration and development professionals too, seem to be lacking confidence in the Government's ability to deliver quality planning and design solutions.

Whilst Hong Kong has a unique set of socio-economic and political circumstances, globally other cities and populations are experiencing similar trends in economic transition and social preferences.

Indeed, livability and the urban environment are increasingly important as cities compete for business and talent and a city's competitiveness is thus intertwined with its attractiveness as a place to live, visit, work and play. This is of critical importance to Hong Kong since our pillar industries and future drivers of economic growth rely on attracting, retaining and nurturing talent, as well as attracting visitors to drive our tourism industry.

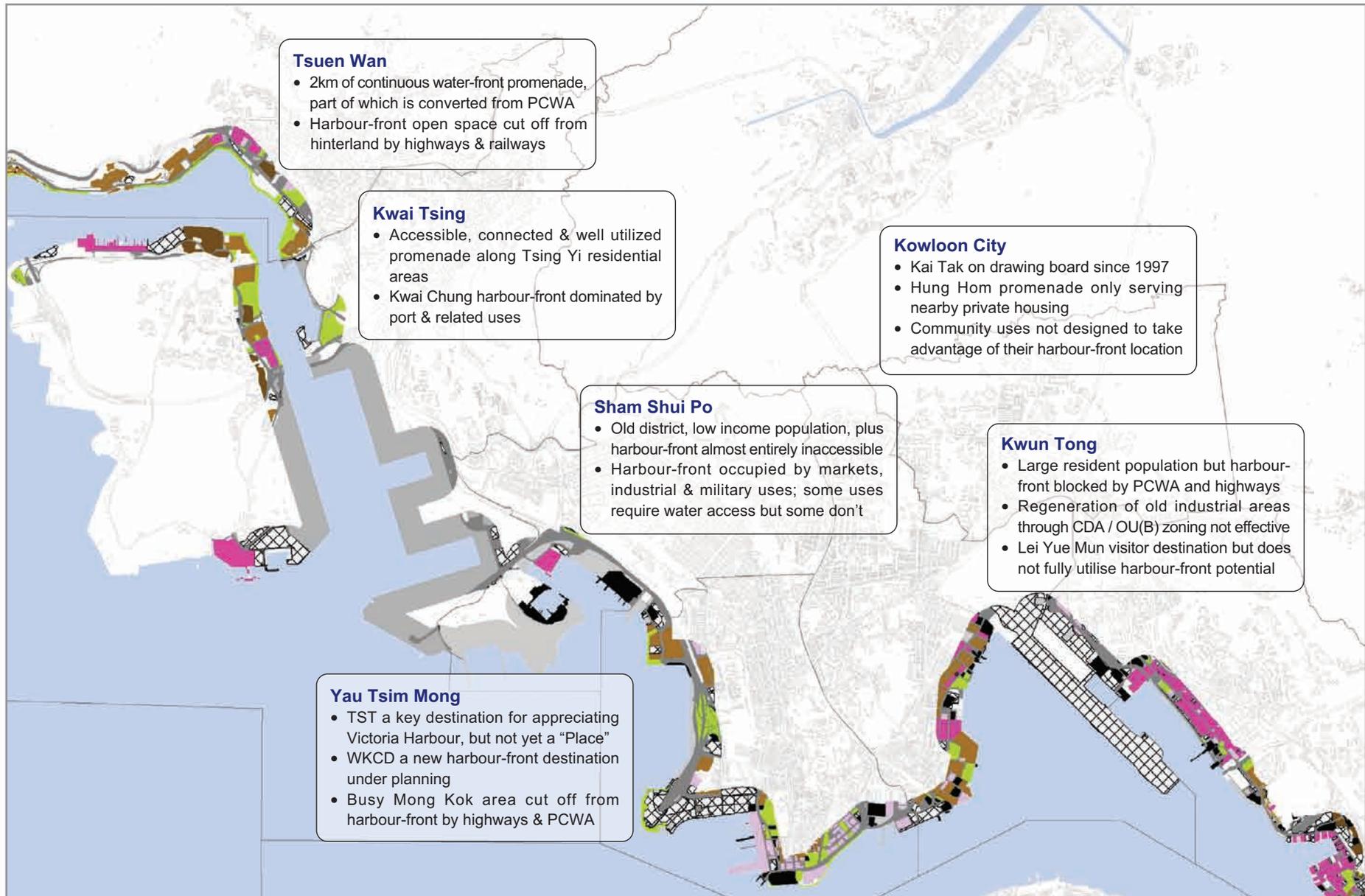
The analysis in this chapter considers the existing situation around the harbour and the implications of continuing the status quo. The analysis then presents the harbour's strengths, weaknesses, opportunities and threats (SWOT). This analysis provides the basis for why HBF considers that there is a need for change.

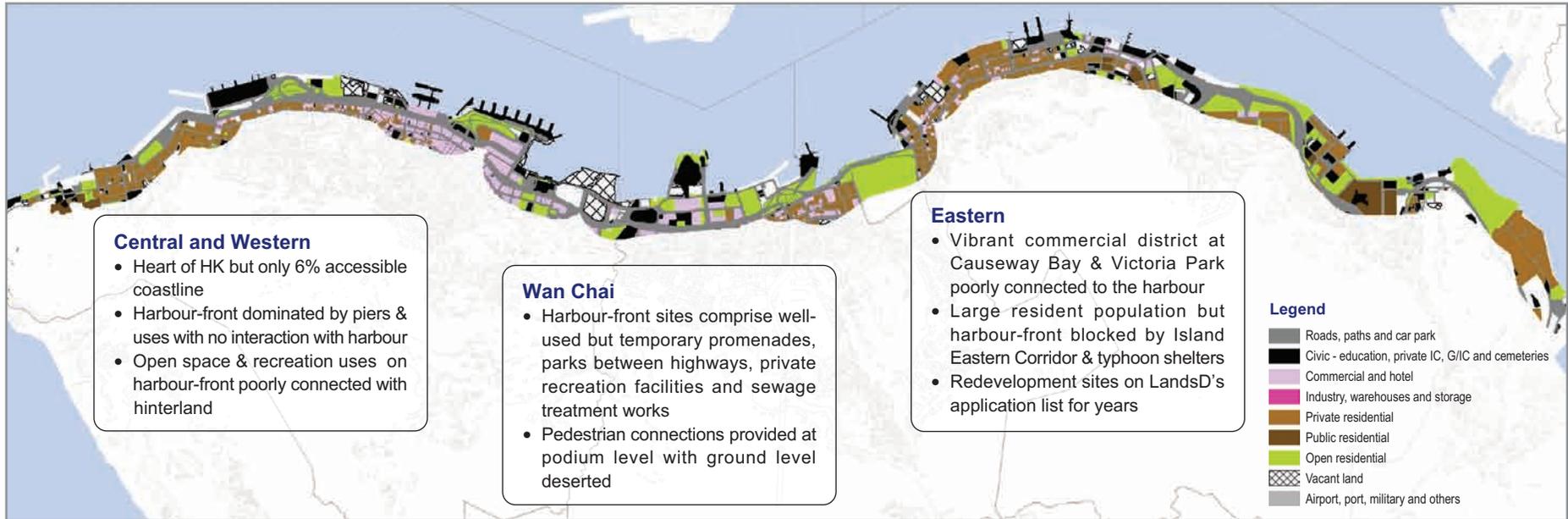
2.2 Harbour Analysis

Victoria Harbour and its harbour-front areas are at the centre of Hong Kong's economic activity. The maps on the following pages show the predominant land-use for around a 300m set back from the harbour. The table shows the length of the harbour coastline and its accessibility according to a joint HBF-Designing Hong Kong study, as well as socio-economic data for each harbour district.

Each district, and sub-areas within districts, have their own unique character and features. It is clear that the harbour can play many different roles and functions at a sub-area level to reflect different local nuances and circumstances. However, in depth analysis at a district by district and harbour-wide level showed some distinct trends.







District	Central and Western	Wan Chai	Eastern	Kwun Tong	Kowloon City	Yau Tsim Mong	Sham Shui Po	Kwai Tsing	Tsuen Wan
Coastline (% accessible)	15 km (6%)	4 km (47%)	12 km (24%)	8 km (14%)	10 km (9%)	13 km (24%)	12 km (1%)	24 km (10%)	6 km (45%)
Main Land Use	C & R	C & R	R	I & R	R & V	C, R & V	R	P & R	R
Population Density*	20,102	15,788	31,664	52,123	36,178	40,136	39,095	22,421	4,679
Population*	250,064	155,196	587,690	587,423	62,501	280,548	365,540	523,300	288,728
Business Establishments	35,970	26,350	21,860	29,660	14,810	48,310	19,640	20,290	15,080
Persons Engaged	325,860	242,690	192,040	243,610	163,640	304,330	162,890	162,310	99,690
Median Household Income	\$ 25,700	\$ 28,000	\$ 22,000	\$ 15,000	\$ 19,800	\$ 16,500	\$ 13,700	\$ 14,600	\$ 20,800

Key C: Commercial R: Residential I: Industrial V: Vacant P: Ports Source: C&SD; HBF-Designing Hong Kong; GIS analysis, GHK based on PlanD data. All data 2008/2009. *Population data 2006, Density = persons/ km²



Inappropriate Predominant Land Use

Based on PlanD GIS data, almost a quarter of all land within a 300m radius of the harbour-front is taken up by roads. Some 50km of multi-lane highways are within a couple of blocks of the harbour-front, some 20% of the entire highway network. Vacant land and temporary uses amount to another 20%. Open space and recreation use accounts for just 8%.

Poor Accessibility and Connectivity

Overall accessibility and connectivity around the harbour is very poor. Only 15% of the harbour-front is estimated to be accessible to the public. Even assuming that all the land under redevelopment, including Central and Kai Tak, were accessible in future, the percentage would only increase to 25%. Wan Chai and Eastern are currently the most accessible whilst in Sham Shui Po, also the poorest in terms of household income, accessibility is less than 1%. Even those areas that are accessible are poorly connected to one another.

Lack of Attractions and Destinations

Hong Kong Tourism Board describes the harbour as one of our most awe inspiring attractions but the attraction is the view from afar, not in vibrant attractive destinations at the harbour-front itself. Only one of the top five visitor attractions is on the harbour-front, the Avenue of Stars. Even those places that are visited have very few amenities or facilities. The Leisure and Cultural Services Department (LCSD) operates 48 sites around the harbour, including parks, promenades and sports facilities but the only water-based activity is fishing and even then at only half these venues. The iconic public buildings, water-front dining and parks thriving with informal recreational activity that are found on other cities' water-fronts, are missing in Hong Kong.

Poor Design and Few Amenities

An HBF review of amenities at 17 accessible sites around the harbour found more than half to be severely lacking. Quiet open space near the harbour-front lacks shade and basic amenities, often leaving it lifeless and unpopular. Building and landscap-design, particularly government buildings, do not reflect their unique harbour-front location. Indeed Hong Kong has inward looking swimming pools and sports facilities right on the harbour-front.

2.3 Needs and Aspirations

Unfortunately this harbour-front reality stands in stark contrast to what Hong Kong's people and businesses want. HBF surveys found not only a strong sense of how much Victoria Harbour is valued but also consistent support for much needed harbour-front improvements. Moreover, people are willing to pay to turn these stated preferences into reality. An HBF contingent valuation study found that 76% of respondents were willing to pay for a better harbour.

HBF supports a mix and range of uses, including both working and recreational uses. Indeed, it is the diversity of use and function that is part of the harbour's appeal. HBF fully supports the port functions of the harbour as they serve an important economic purpose and is an integral part of Hong Kong's heritage. Rather than removing such functions, HBF would support a strategic review of working harbour assets, to accommodate the needs of the industry and examine ways of celebrating these vibrant assets and better managing their interface with other uses.

2.4 Fit for Purpose?

The analysis shows that Hong Kong people and businesses recognise the importance of the harbour and its value. However, the harbour is currently not fit for purpose; it is failing to meet needs and aspirations. Rather the harbour is being used as an "easy" solution space, with little appreciation of the uniqueness of harbour-front land and as such Hong Kong's defining natural asset is a missed opportunity.

Is the Harbour Important?

- 85% of the public say the harbour is valuable
- 91% of businesses agree that the harbour is significant in maintaining regional competitiveness
- 96% of businesses think the harbour attracts tourists

What the Public Wants:

- 91% want green and recreational places
- 89% want promenades
- 89% think priority should be given to leisure developments around the harbour
- 87% want ground-level access

What Businesses Want:

- 95% support allocating half the harbour to green and vibrant areas
- 89% agree there should be more places for leisure
- 80% want promenades

What are they Willing to Do to Get it?

- 76% of Hong Kong people are willing to pay for a better harbour, in addition to their taxes
- Hong Kong people are willing to pay \$73 billion (NPV at 2006) for a better harbour

Source: HBF Public Opinion Survey, Business Opinion Survey, Harbour Values Study



1. Inappropriate Land-use



- 23% of the harbour-front is used for roads and car parks
- 20% is vacant land and temporary uses
- Only 8% is open space and recreation use

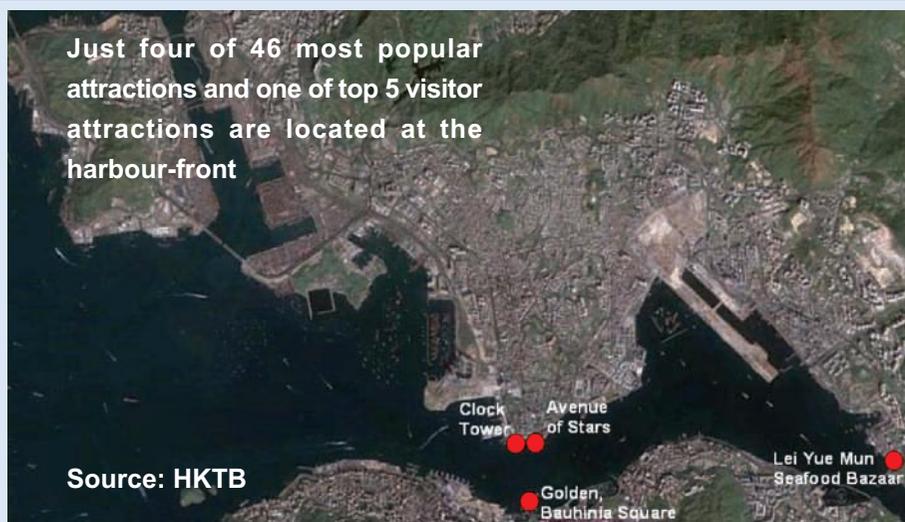
2. Inaccessible & Badly Connected



- Only 15% of the coastline is accessible
- Coastline very difficult to find and to get to
- Most accessible coastlines are disconnected from one another

3. Lack of Attractions and Destinations

Just four of 46 most popular attractions and one of top 5 visitor attractions are located at the harbour-front



4. Poor Design and Few Amenities



2.5 Implications

Missed opportunities in relation to the harbour are indicative of Hong Kong's failure to appreciate the growing quality of life agenda that is starting to shape our economic and social landscape. Quality of life is important, and while HBF recognises that the harbour is not necessarily top of this agenda, as emblematic of Hong Kong's living environment, it has a definite role to play.

Interviews with executive search firms undertaken as part of this study, confirmed that quality of life is playing an increasing role in business location decisions. These firms thought Hong Kong remained an attractive place to live and work but living conditions and pollution are making it less and less easy to attract and retain executives; one firm claimed *"environmental discomfort"* is now the main reason why executives and their families are leaving Hong Kong.

Evidence from the AmCham 2008 Environment Survey suggests these difficulties are starting to become reality. Of surveyed firms, 40% had experienced difficulties in recruiting professionals to come to work in Hong Kong because of the quality of the natural environment. Over half knew professionals who had declined to come and nearly 70% knew professionals who were thinking of leaving because of the standard of the natural environment.

Hong Kong has reached a point in its economic development where it can ill afford to let such quality of life shortfalls, when compared to its fiercest

regional competitors, persist for long. Hong Kong's four pillar industries and the recently identified six economic areas will drive our economic growth but these sectors require skilled workers. The Chief Executive recently stated that we need to turn Hong Kong into a knowledge based economy but the HKSAR is ill-equipped at present.

Work published by the Chinese Academy of Social Sciences on urban competitiveness ranks Hong Kong 26th out of 500 world cities overall but a lowly 84th for the quality of our labour force and an even worse 106th for the quality of our natural environment. Moreover, the study determined that these two factors were two of the three most important in determining city competitiveness.

Other sources support this view. Hong Kong's economy is reported to be strong and competitive, but on quality of life Hong Kong compares poorly. The 2008 Mercer Quality of Living Index ranked Hong Kong 70th out of 215 global cities. Far from being 'Asia's World City', Hong Kong was ranked lower than 14 other Asia-Pacific cities alone.

All the evidence shows, and our competitors recognise, that economic prosperity and quality of life are mutually reinforcing. Meanwhile Hong Kong is limiting its potential by not paying due attention to the urban environment and the harbour in particular.

HBF sees improvements to the harbour as a fundamental requisite to sustainable growth which at the same time offers Hong Kong people the enjoyment of our greatest natural asset. The

implications of not making the most of the harbour cannot be easily quantified but the evidence suggests there will undoubtedly be less investment, fewer jobs and less wealth creation as well as a lower quality of life. This simply doesn't make any economic or business sense.

How Does Hong Kong Measure Up? The Quality of Life Agenda: Attracting and Retaining Talent

"Hong Kong can only sustain its long term growth as a knowledge based economy. To develop this we need...talent. We need to nurture local talent [and] we have to attract talent from around the world."

Mr Donald Tsang, Chief Executive, June 2009

"Hong Kong's human resources do not come close to measuring up to those found in world leading cities and an unattractive living environment will make it difficult to attract mobile professionals who can choose to live elsewhere."

Bauhinia Foundation, 2006

Hong Kong "is not seen as an attractive place to live, work or study."

Anholt City Brands Index, 2008

"Only when compared to cities in developing nations, such as the Chinese Mainland, does Hong Kong look attractive."

Bauhinia Foundation, 2006, commenting on Hong Kong's ranking in the Mercer Quality of Life Index

2.6 SWOT

Although the analysis so far has mainly highlighted the current problems, the harbour has many fundamental strengths as well as some future opportunities, albeit some threats as well.

Despite the problems, the harbour remains an international icon and a source of heritage that the public and business people care about. Moreover there is consensus for improvement and the current developments at Kai Tak, Central and West Kowloon offer enormous opportunities to turn things around. These are the last major development sites in the core harbour area and what is developed here and how the areas are managed will define the harbour, and Hong Kong, for decades to come.

In addition, of the land area excluding the port and natural un-developed land, about 70% is under Government control i.e. there is no long term private lease associated with the site. Of the same total, about 14% has temporary uses such as car-parks and storage areas, so there are considerable opportunities to effect change quickly, without having to go through difficult land procedures. Likewise, strategic road and rail networks are being developed which should alleviate pressure on harbour-front roads and large sites are due to be vacated in the medium term as PCWAs are rationalised.

Strengths

- Harbour is an international icon
- Source of Hong Kong's heritage
- A working harbour, positive economic contribution of port and port related activity
- Some leisure use including harbour-front areas and marine use
- Some sites are popular, albeit lack the range of activities that would make them true destinations
- Strong public opinions supporting the harbour
- Strong local catchment
- Length of coastline

Weaknesses

- Lack of destinations and activities
- Lack of diversity
- Areas lack basic amenities
- Over-developed but under-utilised
- 85% is not easily accessible. Little at-grade access. No pedestrian priority
- Lack of connectivity along and around the harbour
- Inappropriate uses block the harbour-front
- Lack of natural shoreline, lost heritage
- Lack of anchors or significant public buildings
- Poor environment, design and up-keep

Opportunities

- New areas offer catalysts for change
- Government controls most of the land
- Incompatible marine uses moving out
- Strategic road and rail network coming
- Visitor potential for attractions located at the harbour-front building on currently popular sites
- Clear consensus for improvement
- Enhancement of existing facilities including piers, industrial buildings etc.
- Economic potential of greater working/leisure uses, such as the yachting industry, which has been shown to be successful in other cities

Threats

- Potential land-grab by Government departments concerned that this is last reclamation
- Additional infrastructure for new areas
- Creation of promenades without due consideration of the creation of interlinking accessible places that people want to visit
- Government proposal for 22 action areas without due recognition of the need for an overall vision and strategic plan for the harbour first. To plan land-use based action areas without an overall strategy is simply not good planning practice.

However it is one thing to identify the opportunities; this has been done many times before. In order to embrace these opportunities, ensure the same mistakes are not made again, as well as solve current problems, first it is necessary to understand the underlying causes of why the harbour, as currently planned, developed and managed is not fit for purpose. The underlying causes are examined in the following chapter.



3 THE UNDERLYING CAUSES

3.1 Overview

The underlying causes behind why Victoria Harbour is failing to live up to its potential include:

- Lack of a vision, leadership and a set of clear policies which prioritise the harbour
- No strategic plan for the harbour. A plan done in 2003 was inadequate in both depth and coverage
- Inadequate plan-making system that prioritises transport and other infrastructure whilst aspects such as open space, design, economic and community activities are given little or no attention
- Lack of implementation tools and precedents to provide guidance in how to deliver projects and programmes
- Restrictive and inflexible management practices for harbour-front public places
- Dichotomy of capital and recurrent funding for harbour related projects and limited funds for ongoing maintenance and site animation
- Minimal involvement of the private sector
- Absence of a project cycle culture to facilitate appropriate decision making and evaluate outcomes against targets
- Weak governance structure for the harbour; existing bodies lack remit, responsibility and resources to deliver multi-sector, multi-dimensional solutions

These causes are elaborated under six broad categories.

3.2 Overarching Policy

The Government does not have an adopted vision as a clear policy for the harbour. A number of vision statements have been produced by various parties but none has been adopted and HBF considers that none are now adequate for a variety of reasons. There is recognition of the need for a better harbour but the policy statements and focus are on beautification and creation of promenades which is just a fraction of what the harbour could provide for Hong Kong.

In planning and lands policy, the harbour and harbour-front land has no special status. Unless Government provides clear policy prioritising the harbour, and provides leadership and guidance for officials and others to unite in a common objective, then there is little chance of achieving change.

3.3 Plan Making

There is no strategic plan for the harbour. The Planning Study on the Harbour and Its Waterfront Uses, Planning Department, 2003 (the 2003 Harbour Plan), was inadequate in its scope and depth and its recommendations have not been implemented. In the absence of a coherent strategic plan, stakeholders (both governmental and non-governmental) are not working to a set of mutual objectives; indeed, there are no mutual objectives. Existing planning and development of sites around

the harbour continues to be undertaken by individual departments and bureaux in accordance with their own policy objectives. The only harbour-specific planning currently being undertaken is being done by the Harbour Unit under the Development Bureau (DevB) for new sites only. This is opportunistic and reactive planning, not strategic planning.

Harbour planning is limited to land-use planning and under the statutory planning system there are 18 separate Outline Zoning Plans (OZPs) covering the harbour. OZPs are basically two dimensional land-use maps. They define a series of different land-use zonings such as commercial, open space and recreation. OZPs state uses that are always permitted (Column 1 uses) in each zone and uses that may be permitted on application to the Town Planning Board (TPB) (Column 2 uses). Special restrictions are included in accompanying Notes to the OZPs. Accompanying Notes for different zonings (e.g open space) are based on a Master Schedule of Notes; and covering notes to the OZPs are based on the standard urban covering notes.

The master schedule and standard covering notes state that roads, sewerage works and other land uses that might not maximise the value of the harbour are always permitted unless clearly specified otherwise in the plan. The covering notes also state that “*Temporary uses (expected to be 5 years or less) of any land or buildings are permitted in all zones as long as they comply with other*

Government requirements and there is no need for these to conform to the zoned use". As such, unless PlanD are proactive in protecting the harbour, potentially inappropriate uses are automatically allowed under the current system.

In the case of open space for example, much of what is zoned "O" (open space) is not actually "O" according to GIS analysis. Moreover, the predominant land use classification system adopted by PlanD can sometimes fail to reflect the complexity of the situation on the ground (see, for example, the land use maps in section 2.2 from which the Island Eastern Corridor is missing, presumably since the predominant use is the water). Predominant land use does not address issues of quality: some land classified as open space and recreation is simply inaccessible, for example land in-between highway infrastructure as shown.

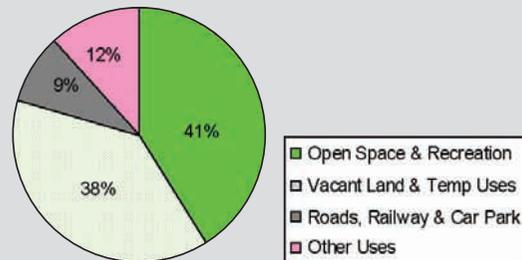
Infrastructure planning and design is carried out with little or no recourse to overall land-use planning and urban design. Priority is given to infrastructure in the land use allocation process through individual ordinances and permitted uses under the statutory planning system.

The Hong Kong Planning Standards and Guidelines (HKPSG), the Government manual used to determine the scale, location and site requirements

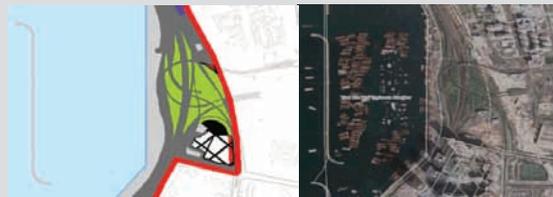
Open Space

- Less than 50% of the land zoned for open space around the harbour is actually used for open space and recreation purposes
- For example, the entrance to the East Harbour Crossing is zoned "O" for open space, but is actually transportation and Government uses

Predominant land-use of sites Zoned "O"



- Even sites for which the predominant land use is recorded as open space & recreation are sometimes inaccessible, as at Yau Ma Tei.



Source: GIS Analysis GHK based on PlanD data

of various land uses and facilities, reference the harbour-front, but only on six pages in the Urban Design Guidelines Chapter. The guidance therein is insufficient to deliver appropriate planning for the harbour-front. Despite the development of detailed harbour planning guidelines by both the Harbour Enhancement Committee (HEC) and the HBF, the HKPSG are limited to broad goals, insufficient to the interests and more functional priorities of government departments and often the infrastructure standards of the HKPSG which are very specific.

Neither do the HKPSG provide guidance on place-making: the art of planning and design to facilitate the animation of spaces, creating places that people want to go to. There is no specific guidance for the planning of recreation and open space in harbour-front areas and the guidance on open-space is limited to population based standards, active to passive ratios and space standards with limited flexibility in application, and no appreciation of the quality of place. Urban design is often of poor quality with standard designs used to reduce costs and little design control enforced by TPB.

The plan making system is insufficient to deliver a world-class harbour-front. Indeed, urban planning does not appear to be undertaken in a comprehensive manner resulting in overall outcomes that are unsatisfactory. There is also no monitoring or evaluation of plans once they are implemented.



Why is the 2003 Harbour Plan not a Strategic Plan?

A Strategic Plan is not a land-use plan. It is a strategy that considers the existing situation and sets out what should be done where, how and by whom in order to deliver the Vision. Moreover, it is a strategy based on evidence and is therefore able to say why the proposals for a particular area maximise its potential given the areas's strategic positioning within the harbour as a whole. Proposals are prioritised such that resources are targeted at those that can deliver maximum catalytic change.

Priority	Harbour Strategic Plan	2003 Harbour Plan
Ownership	Should be prepared by a single body with responsibility for delivering all actions proposed by the Plan	Prepared by Planning Department therefore relies on other bureaux/departments to implement non-planning tasks
Scope	Spatial framework for comprehensive physical, economic, social, environmental and community development	Single sector focus on tourism development
Analysis	Based on multi-sector audit of assets, local situation SWOT and analysis of planning constraints and opportunities	Limited review of existing uses, constraints and opportunities
Plan Objectives	Clear link between Vision, Priorities and Delivery Plans	No link between Vision and proposed actions
Delivery Responsibilities & Funding	Allocation of delivery and management roles to government, private and community sectors, overseen by a single responsible body	No allocation of delivery or management roles to ensure proposals get implemented. Purely government focus
Timescale	Long term strategic direction delivered through short, medium and long term action plans	Short and medium term actions only, no long term goal
Evaluation	Clear target outcomes with explicit means of monitoring and evaluation	No targets or means to monitor or evaluate

Why are Government's latest planning proposals no better?

In the 2009 Policy Address the Chief Executive announced plans to implement "*harbourfront beautification measures*" based on subdividing the whole length of Victoria Harbour in to 22 action areas. However, there is no single vision that these measures are trying to realise. The plans are opportunistic and based on what can be done in each individual area, rather than considering what that area could do for Victoria Harbour and Hong Kong as a whole. Moreover, by covering the entire length of the harbour there is no sense of which area should take priority and implementation remains up to DevB to "*co-ordinate*."

3.4 Implementation

Much of the current state of Victoria Harbour can be explained by ineffectual implementation. No permanent harbour-front project has been implemented in five years. While existing plan making practices leave much to be desired as shown above, even when plans are developed they struggle to become reality. Ultimately, Hong Kong is failing to implement its plans because of:

- Poor public consultation/engagement
- Lack of tools and precedents to relocate or resume inappropriate uses
- Lack of tools and precedents to provide incentives for private sector actions
- Lack of tools and precedents to consider the interpretation of the Protection of the Harbour Ordinance (PHO)
- Land sales by list system rather than tender

Successful implementation requires buy-in from all stakeholders: public, professional and governmental. International best practice shows such buy-in tends to be developed through greater upfront stakeholder engagement regarding strategic and land-use decisions, followed by greater community participation at later stages to agree outcomes and develop a sense of ownership. However, Hong Kong's public consultation processes rarely involve effective engagement or participation and are usually undertaken on a site-specific basis once the more significant decisions have already been made.

The resulting plans when made public can thus face significant criticism, sometimes causing them to have to be discarded during the implementation stage at considerable cost and delay.

Comparison of zoning intentions and actual land-use data suggests that Government would like to create more than double the existing amount of open space around the harbour. Around half of this land awaiting conversion to open space is presently vacant, much of it at Kai Tak and Central pending the development of the entire area. Over a quarter though is currently being put to other uses like car parks, roads or G/IC uses. Implementing planned open space on these sites will not be possible until existing uses are removed, but this requires open space to be given policy priority, a feature lacking across Hong Kong, not just around the harbour.

However, it is not just a lack of willingness to relocate inappropriate public sector uses that is a problem; inappropriate private sector uses also remain and have done for many years. In such instances the Government should be willing to resume the site for public purposes, but resumption has only ever been used to provide land for infrastructure in Hong Kong. Moreover, making the case for resumption requires a clear rationale, further emphasising the need for a strategic plan as it is only when the harbour is viewed in its entirety that certain site specific solutions make sense.

This issue of old land-uses remaining despite the land being zoned for something else shows that merely changing the zoning is not sufficient for plans to be implemented. Nearly four times as much industrial land exists around the harbour than is officially zoned. Changing the zoning can act as a disincentive to redevelop, much like imposing reduced height limits on existing or permitted tall buildings. Such down-zoning and removal of development rights rarely results in newer, lower buildings, but instead causes land owners to let buildings age or plots go vacant as redevelopment is no longer financially attractive.

The proposals outlined in the 2009 Policy Address to help release the potential of over 1,000 old industrial buildings are therefore welcomed, in particular the proposed exemption from waiver fees for wholesale conversion of a building instead of its redevelopment. This should offer a positive incentive to owners to move towards more appropriate land uses and is particularly relevant for harbour-front sites.

Implementation of harbour-front projects is also being affected by the PHO, rightly so in the case of large-scale reclamation for development. However, a lack of willingness to consider the interpretation of the PHO is resulting in missed opportunities and misguided decisions, such as the construction of a new pier for Lei Yue Mun just beyond the harbour limits instead of upgrading the existing pier for example. Such decisions exemplify

the lack of willingness to consider the interpretation of the PHO, with opportunities to sculpt the harbour-front and improve access all being missed.

The current application list system for land disposal is also constraining efforts to implement plans. Under the current system, sites can remain vacant for years until a developer triggers an auction through an initial bid of at least 80% of the Government's reserve price (which is not public information). This system was introduced so as not to *"overload the market with excess land supply"* but the upshot has been just 28 sites sold in five years at an average of just 5.5ha of land per year while some 60 sites remain on the list awaiting a bid. The result is not only under-utilised land, with Government struggling to get the private sector to take up sites, but also a lack of coherence to area-based development since Government has no way of controlling when a site will be sold and thus developed.

To conclude, the current laissez-faire approach to implementation is failing to turn plans into reality. Once plans are decided, Government needs to be proactive if it is to make the most of the harbour. Its failure to do so is costing the Hong Kong public hundreds of millions of dollars in redoing plans and billions of dollars in the opportunity cost of prime sites left vacant.



Implementation Problems and Missed Opportunities around Victoria Harbour

Problems arising from poor consultation and engagement

Lei Yue Mun: The failure to properly engage the public early enough in the planning process led to the scrapping of PlanD's 1999 plans for Improving and Upgrading Lei Yue Mun after local residents saw the plans as a threat to their traditional culture. Ten years on and revised plans developed by the Tourism Commission in 2005 have yet to break ground.



Problems arising from a lack of willingness to relocate or resume inappropriate uses

Hoi Sham Park: DevB's plan to extend Hoi Sham Park in To Kwa Wan to provide more open space and a continuous water-front promenade remain on hold because the site is currently being used by TD for a vehicle inspection centre and related car parking. TD is unwilling to give the site up unless a suitable alternative site is found. Implementation of the full park is therefore on hold because there is no overarching policy that prioritises harbour-front land for harbour-front uses, no strategic plan to show that this land could be better used and no overarching body to mediate differing departmental objectives.



Yau Tong Bay: Although zoned CDA since 1993 for comprehensive residential and commercial development, the 22ha Yau Tong Bay site is still used for industrial and marine purposes. A variety of efforts to develop the site have since failed owing to the fragmented land ownership. One possible solution would have been for Government to resume but it has preferred to let developers try to accumulate the lots instead. Almost 20 years since the CDA idea was first proposed as part of the Metroplan consultations, the water-front around Yau Tong Bay, one of Victoria Harbour's last remaining bays, remains inaccessible and badly polluted.



Problems arising from a lack of willingness to consider the interpretation of the PHO

Tourism Commission's 2005 plans for Lei Yue Mun include construction of a new pier and landing berth. Lei Yue Mun already has a pier but it is falling apart. Rather than re-build and upgrade the existing facility, TC wishes to build a new pier and let the old one slowly crumble into the water. The only rationale for the new pier is it will be sited just outside the official harbour limits and therefore is not subject to the PHO.



3.5 Management

Hong Kong lacks truly vibrant public open spaces, particularly along the harbour-front. Activities allowed are often limited to resting, chatting, playing chess, walking, jogging, running and practising tai chi. Commercial uses associated with the open spaces are no more than a few refreshment kiosks, vending machines and, in some cases, cycle rental shops. There are few interesting activities, little creativity, no place-making, minimal revenue generating uses, and hardly any cross-subsidisation to fund non-commercially viable uses. Such problems are all issues of management.

The signs found at all LCSD sites that determine permitted and non-permitted uses stem from LCSD's (and the local District Councils') interpretation of the Pleasure Grounds Regulation, part of the Public Health and Municipal Services Ordinance. It is these regulations that prohibit the climbing of trees or the playing of ball games outside designated courts. It is commonly believed that these regulations are also responsible for lack of amenities and features that help make public space vibrant in other parts of the world, like small scale commercial activities for example. However, this is not the case. Small scale commercial activities are permitted within pleasure grounds providing explicit permission has been granted by the Director of LCSD first. The implication being that more vibrant open space could be attainable within the existing regulations

if the political will were there to interpret the regulations differently.

The result is harbour-front open space that is safe but sterile. Animation or programming of open spaces is severely constrained by the resources made available to LCSD, both in terms of expertise and recurrent funding. Procurement of works and services has to follow Government procedures which tend to select lower cost bidders utilising standard materials or services.

A possible solution would be to involve the community and private sector more in the provision of public open space. However, just six public open space sites along the harbour-front are privately managed according to DevB – their total land area adding up to less than that managed by LCSD outside the Hong Kong Cultural Centre. Hong Kong lacks both policy support and guidance for private sector involvement (PSI) in the development and management of public open space. The Avenue of Stars, Hong Kong's second most popular tourist destination, is the only core harbour site that is managed jointly by the public and private sector. However restrictive contract terms, that require the site to be self-financing but allow the operator just three kiosks and seven mobile carts to generate revenues, now leave the site in need of investment.

The lack of al-fresco dining around the harbour is also a management issue, reflecting tight

Public Space Management in Hong Kong



- LCSD manages 48 cultural, leisure and recreational sites around the harbour, totaling 87 ha in area. These sites include:
 - 13 parks and gardens covering 14 ha
 - 13 promenades covering 20 ha
- By contrast, the private sector manages just 6 public open space sites within the harbour-front areas, providing just 4 ha of land

Source: Legislative Council (LegCo) Panel on Development Subcommittee on Harbourfront Planning (June 2009), and HBF, Designing Hong Kong & WPI (2009) "An evaluation of 48 Leisure and Cultural Sites along Victoria Harbour"

government regulations. Restaurants offering al-fresco dining are a common feature across the world's best water-fronts but are practically non-existent around Victoria Harbour. Just 2% of Hong Kong restaurants hold the requisite Outside Seating Accommodation licence from FEHD. Despite efforts to streamline a system that involves sign-off from seven different departments, applications take on average over a year to process and the approval rate remains low. This is partly a mindset issue but also a planning issue, with Hong Kong lacking the wide footpaths and pedestrian zones common to other cities around the world.

3.6 Funding

A further constraint on the Government's ability to deliver an active and vibrant harbour-front is the way it organises and allocates its funds.

The Government is not short of money. According to the 2009-10 Budget, Hong Kong's total fiscal reserves at the end of the financial year will total almost HK\$450bn, equivalent to 27% of GDP or 18 months of government expenditure. However, these reserves are held across the General Revenue Account (GRA) and eight separate funds, including the Capital Works Reserve Fund (CWRF), the Civil Services Pension Reserve Fund and the Land Fund, each of which are subject to different rules regarding how monies can be allocated to that fund and how they can be spent.

Recurrent expenses, salaries and departmental budgets are all paid out of the GRA and must be

paid out of all internal tax revenues, duties, fees and charges in accordance with the Basic Law. By contrast, physical works are paid out of the CWRF and are financed by premium income received from land transactions and investment income on its balances. In terms of orders of magnitude, capital expenditure as a percentage of operating expenditure is forecast to be in the region of 25% through to 2013-14.

This dichotomy between capital works and recurrent expenditures creates significant problems in project and programme delivery. For example, while LCSD rarely struggles to find the capital funding necessary to develop a site, there is no guarantee that it will be provided additional funds to meet recurrent maintenance costs of its new site, let alone money to pay for animation and events. Such money would have to come out of the GRA, expenditure estimates for which are checked each year by the LegCo Finance Subcommittee to ensure that the Financial Secretary is not seeking "more than necessary for the execution of approved policies", again showing the need for an overarching policy that accords priority to the harbour before real change can be affected.

By contrast, CWRF expenditures must be approved by the LegCo Finance Subcommittee on a project-by-project basis, in accordance with the terms of the CWRF's establishment. Funding for minor works and technical studies is provided in 24 block allocations to simplify this approval process but the project-by-project approval system makes it very hard to undertake joined-up, area-based

developments in a coherent manner. Moreover, approval for minor works in particular is usually based purely on technical feasibility, with little evidence of rationale, value for money or the need for post-project review – all key components of continuous improvement and the project cycle.

At the same time, some \$175bn is sitting un-used in the Land Fund. This is by far the largest of the Government's funds, set up in 1986 to receive Hong Kong's share of land transaction revenue. Passed on to the Government in entirety at handover, this fund has been dipped into twice to help provide funds for the GRA but is otherwise accumulating interest. The Government has yet to determine a purpose for this money, despite reviewing the matter at the time of the two transfers to the GRA.

3.7 Governance

Underpinning all these issues is the lack of a single, overarching, governing body with responsibility for the harbour and its harbour-front areas with sufficient clout and resources to get things done. Instead there are six policy bureaux and about 20 different departments all undertaking activities around the harbour, each tasked with different duties and with their own mandates, objectives, interests and priorities, which may be in conflict with one another.

The only government body with a remit that focuses on improving the harbour-front is the Harbour Unit, set up in early 2008 within DevB. While a welcome step in the right direction, the Unit only has four



staff and is mandated only to “*identify, co-ordinate and monitor harbour-front enhancement initiatives*”. In practice, this means the Unit has no mandate to protect the harbour from inappropriate development, no strategic planning function and no participation in existing projects such as at Central and Kai Tak, instead relying on departments to implement any schemes it opportunistically identifies. Moreover, the Harbour Unit is led by a Principal Assistant Secretary (three levels down from the Secretary): a position not senior enough to hold sway with other bureaux.

Government decision making with respect to projects that impact the harbour therefore remains the responsibility of the relevant bureaux and departments, albeit subject to some co-ordination through internal steering committees. In the absence of a clear policy that prioritises the harbour however, such committees will continue to place greater value on other priorities.

At least the contentious nature of harbour-front planning means that government actions are subject to scrutiny. However, the two harbour ‘watchdogs’, the HEC and the recently established LegCo Subcommittee on Harbourfront Planning, lack clout. The former has done some commendable work over the past 5 yrs but is only an advisory committee with no real authority to make decisions about the harbour and few resources. Moreover HEC is due to expire in early 2010. Further, the latter’s terms of reference are “*to monitor and study the planning, land use and related issues in respect of the harbour-front areas*” with no clearly defined objectives.

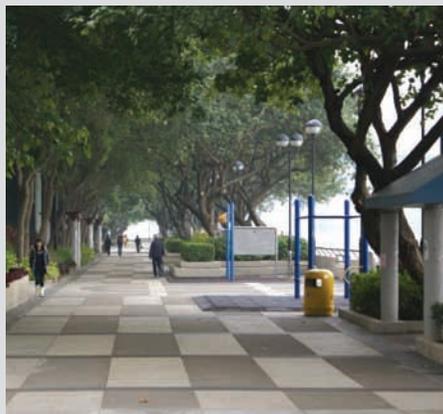
The overall harbour governance picture is therefore muddled, with no overall body in charge and no clear objectives. Efforts to realise a better harbour-front are also complicated by criticisms that the TPB lacks independence given its chairman is the Permanent Secretary for Development (Planning and Lands) and its executive is PlanD.

3.8 Absence of the Project Cycle

Cross-cutting all these underlying causes is the apparent absence of the so-called ‘project cycle’ in Hong Kong. The project cycle as the following page, illustrated refers to the process by which decisions are made, implemented and then reviewed so that lessons can be learnt and future decisions

improved. Despite guidance from the Government Efficiency Unit (EU) on business case development and aspects such as monitoring and evaluation, key components of the project cycle still seem to be lacking from some government decisions, as evidenced by Audit Commission reports that bemoan inadequate justifications for projects, the lack of any real assessment of alternatives and the lack of any rigorous ex-post evaluation of project outcomes. Public projects in Hong Kong always have objectives but appraisal can be limited to questions of layout or alignment rather than whether the proposed solution is the best to meet the identified problem; monitoring and evaluation and tend to be sorely lacking.

Who does what on the harbour-front? An example of small scale public open space



- Planning Department** zones the area
- Lands Department** prepares the land transfer/lease
- LCSD** guides the design
- ArchSD** designs and builds
- BuildingsD** approves building plans
- LCSD** manages and maintains the area
- ArchSD** maintains any government buildings and facilities
- FEHD** controls licences and permits for hawkers, public entertainment and alfresco dining
- CEDD** maintains any piers
- Transport Department** manages services from the piers
- CEDD or ArchSD** could provide capital funds through block allocations
- LCSD** provides recurrent funding for management, maintenance and animation



The result is that resources are not being used to maximum effectiveness and opportunities are being missed. This can clearly be seen around Victoria Harbour. HBF considers that the harbour is not maximising its potential so it follows that decisions must have been made in the past that failed to appreciate the value of the harbour.

Part of this is a question of training, but part is also down to the tools used in the decision making process. Least cost, rather than value for money, is often adopted in the absence of a clear and transparent mechanism for assessing subjective issues. Likewise, sustainability assessments, if done properly, have considerable power to weigh up alternative solutions and objectives, and identify the best solution to a given problem. However, sustainability assessment in Hong Kong is weak, a point accepted by senior government officials during consultations for this Study. Indeed, that the Sustainable Development Division sits under the Environment Bureau re-emphasises the misconception that sustainability is purely an environmental, rather than a multi-sector, issue.

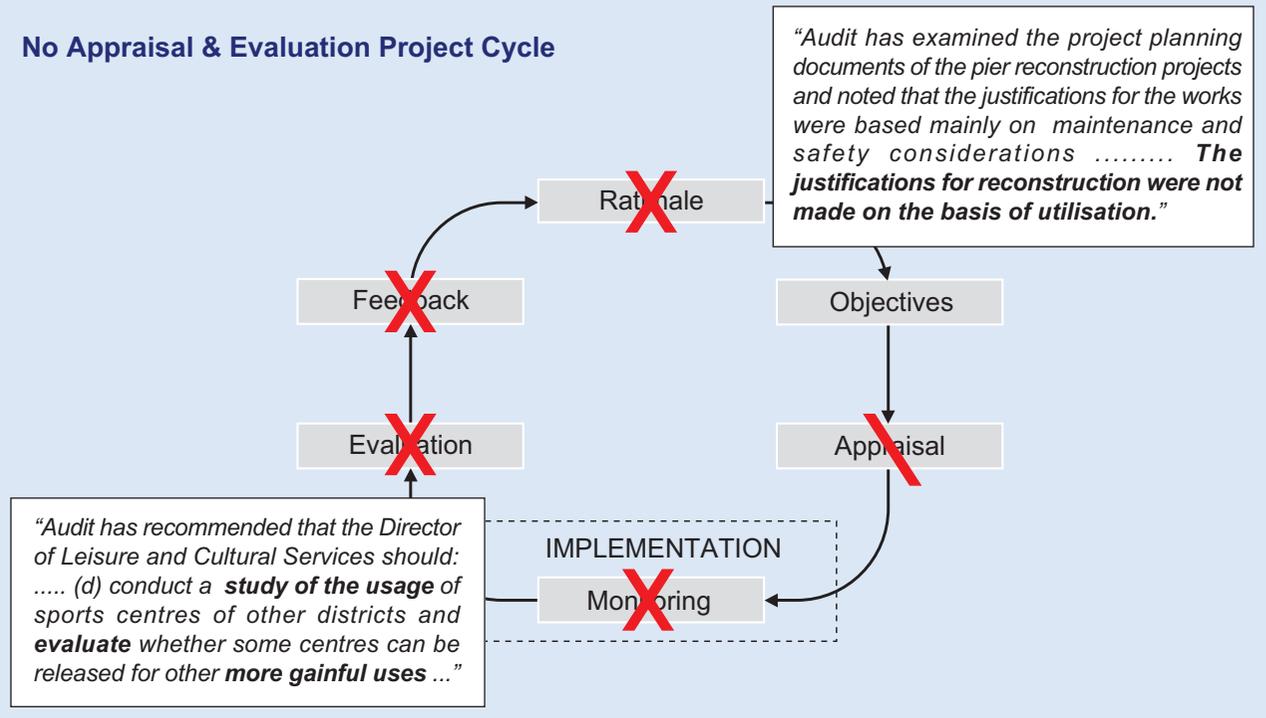
Hong Kong SAR Government needs to integrate the project cycle into its decision making process. Doing so would ensure that harbour interests are given due weight and would empower Government to deal with the multi-dimensional, cross-cutting sector issues that are pertinent to decision making which impacts the harbour, allowing co-ordinating subcommittees to weigh up competing claims for land based on economic evidence rather than political clout.

3.9 Underlying Causes, Conclusion

The problems affecting the harbour are complex, and multi-dimensional. The analysis of the underlying causes suggests that some of the problems are harbour specific. However, the analysis also suggests that it is an

endemic inefficiency and inadequacy in the governance, planning and delivery systems in Hong Kong that is the root cause of the problem, and as such the harbour is a physical symptom, rather than itself a problem. This is why we often see excellent plans on paper, but the eventual reality bears little resemblance to the plan drawings and artists' impressions.

No Appraisal & Evaluation Project Cycle



Sources:

The Green Book, HM Treasury, UK Government, Adapted by GHK Study Team,
Report No. 44 of the Director of Audit - Chapter 5, Report No. 43 of the Director of Audit - Chapter 8

4 A NEW INTEGRATED APPROACH

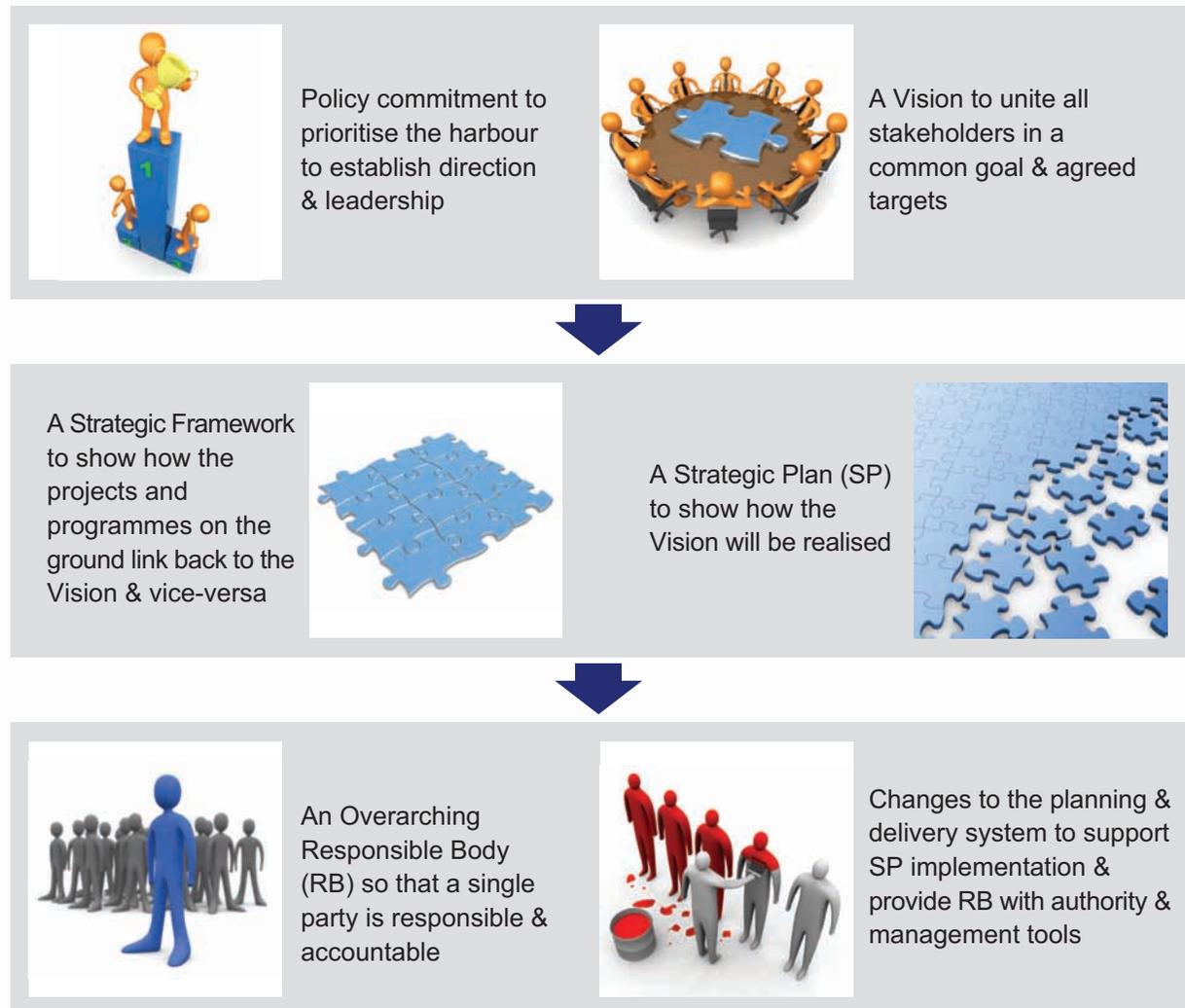
4.1 Need for a New Integrated Approach

Given the multitude of underlying causes, it is clear that we need more than just a new plan, rather we need an entirely new approach to harbour planning, implementation and management. Moreover, this new approach needs to be integrated, meaning that all relevant actions are undertaken in a joined-up fashion in order to achieve a common goal. At present, there are actions but no goal, there are relevant bodies but no leader. Realising a new Victoria Harbour, one that will be able to stand alongside the best water-fronts in the world as vibrant, diverse and a key driver of our economy, is too complicated a task to be undertaken using current, opportunistic arrangements. A new approach is required.

4.2 Components of the New Approach

HBF recommends that the new approach should have six key components, as outlined in the diagram. Each component is necessary; excluding any one of them would compromise the outcome. Only if all six are adopted will achieving the desired outcome be possible.

The new approach is designed to address harbour specific issues as well as wider issues that impact on the harbour. It is a conservative, progressive and effective approach. Importantly, none of the components are individually controversial; all six were discussed and generally supported at the three joint HBF-Government workshops.



Sources: GHK Study Team

4.3 Policy Commitment

The first key component requires the Government to announce a clear policy commitment with respect to the harbour. Statements should set out how the Government will deal with all decisions affecting the harbour and how it will change the way the harbour is currently planned, developed and managed.

HBF recommends that the overarching policy statements should be similar to those presented in the diagram to the right. The policy needs to establish the harbour as the priority and there needs to be strong commitment to delivery through an overarching responsible body.

Harbour-front land should be prioritised for activities and land-uses that make the most of their harbour-front locations. What is acceptable and what is not should be spelt out. The overarching responsible body will also need to undertake to influence all Government policies which may impact the future of the harbour.

In practice, once this policy priority has been established, all decisions that relate to or affect the harbour should follow the simple land allocation decision tree shown in the diagram on the opposite page.

<p>Overarching Policy</p>	<ol style="list-style-type: none"> 1. The harbour is Hong Kong's defining asset and a comparative advantage. Maximising the value of the harbour is in the public interest. As such, all decisions that affect the harbour will assign the highest priority to the harbour in order to maximise the value of the harbour for the people of Hong Kong. 2. In achieving the Vision, Government will be proactive, transparent and accountable. 3. The harbour must be the subject of a dedicated Strategic Plan that is updated regularly. 4. Government will create an overarching responsible body. 5. The head of the overarching responsible body will be the champion for the harbour. 				
<p>Harbour Activities, Land-use Planning and Design</p>	<p>Harbour-front land is for harbour-front activities and land-uses only</p> <table border="1"> <tr> <td data-bbox="1003 758 1624 1077"> <p>Compatible uses include:</p> <ul style="list-style-type: none"> ✓ Maritime harbour activities and land-uses that require harbour-front access and make a contribution to the GDP of Hong Kong ✓ Activities and uses that maximise the interface of water and land ✓ Small scale commercial ✓ Harbour-related recreation and leisure uses ✓ Harbour-related culture and heritage uses </td> <td data-bbox="1624 758 2049 1077"> <p>Incompatible activities and land-uses are either:</p> <ul style="list-style-type: none"> ✗ Activities or land-uses that could be undertaken elsewhere with the same outcome or ✗ Activities or land-uses that do not enhance the value of the harbour to the people of Hong Kong </td> </tr> <tr> <td colspan="2" data-bbox="1003 1077 2049 1173"> <ul style="list-style-type: none"> ✓ Harbour-front buildings and facilities must have character, with designs that encompass and celebrate their harbour-front location </td> </tr> </table>	<p>Compatible uses include:</p> <ul style="list-style-type: none"> ✓ Maritime harbour activities and land-uses that require harbour-front access and make a contribution to the GDP of Hong Kong ✓ Activities and uses that maximise the interface of water and land ✓ Small scale commercial ✓ Harbour-related recreation and leisure uses ✓ Harbour-related culture and heritage uses 	<p>Incompatible activities and land-uses are either:</p> <ul style="list-style-type: none"> ✗ Activities or land-uses that could be undertaken elsewhere with the same outcome or ✗ Activities or land-uses that do not enhance the value of the harbour to the people of Hong Kong 	<ul style="list-style-type: none"> ✓ Harbour-front buildings and facilities must have character, with designs that encompass and celebrate their harbour-front location 	
<p>Compatible uses include:</p> <ul style="list-style-type: none"> ✓ Maritime harbour activities and land-uses that require harbour-front access and make a contribution to the GDP of Hong Kong ✓ Activities and uses that maximise the interface of water and land ✓ Small scale commercial ✓ Harbour-related recreation and leisure uses ✓ Harbour-related culture and heritage uses 	<p>Incompatible activities and land-uses are either:</p> <ul style="list-style-type: none"> ✗ Activities or land-uses that could be undertaken elsewhere with the same outcome or ✗ Activities or land-uses that do not enhance the value of the harbour to the people of Hong Kong 				
<ul style="list-style-type: none"> ✓ Harbour-front buildings and facilities must have character, with designs that encompass and celebrate their harbour-front location 					
<p>Wider Policy</p>	<p>The overarching responsible body will undertake to influence all Government policies which require change to achieve the Vision:</p> <ul style="list-style-type: none"> • Update relevant strategic plans e.g. marine facilities, tourism and the natural environment • Revise policy e.g. transport, to prioritise at-grade pedestrian flow and non-vehicular transport 				

Source: GHK Study Team

4.4 Vision

Having determined that the harbour is a policy priority, the next necessary component of the new approach is to determine and adopt a Vision for the harbour. Over the course of this Study, HBF has developed its own Vision for Victoria Harbour.

HBF's Vision is: *"To revitalise Victoria Harbour and its harbour-front areas to become an attractive, diverse, vibrant, accessible and sustainable world class asset for the economy, people and visitors of Hong Kong; a harbour for the people, a harbour of life."*

The Vision is deliberately aspirational, and is intended as a concise declaration of aims for the future of the harbour. It reflects widely drawn expectations and is readily portable and applicable to a wide range of policy debates and situations – as a vision statement should be.

In developing the Vision, the study drew on visions written by others as well as a range of policy statements and performance criteria for world-class water-fronts elsewhere in the world. The Vision was also tested at the second joint HBF-Government workshop conducted as part of this Study.

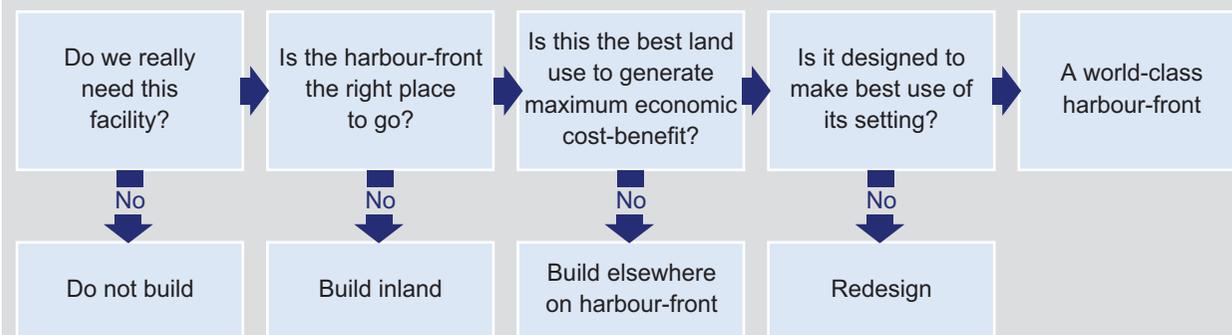
The Vision was tested through an exercise in which participants were asked to select a series of key words and phrases that best articulated what they

considered to be most important for determining the future of Victoria Harbour: their 'Priorities' for the harbour. These Priorities are not about what happens or should happen first, but rather explanatory statements of the most important aspects of the Vision. Priorities enable people to understand more clearly exactly what the Vision is aiming to achieve.

HBF therefore recommend that a series of Priorities be adopted alongside the Vision. HBF's Priorities for the harbour, developed as a result of the workshop, address issues of:

- Ownership, as a public asset
- Diversity of activities, vibrancy and distinctive district identities
- Pedestrian accessibility and connectivity
- Development of harbour-front businesses and maritime assets
- Destination and heritage
- Environmental quality
- Design excellence

A Simple Harbour Land Allocation Decision Tree



The decision tree demonstrates the necessary steps in land allocation. There are many developments around the harbour-front that we all know that would not pass these simple tests.

Source: GHK Study Team



A more detailed explanation of the Vision and Priorities is included on the opposite page. Illustrative targets for the Priorities have been proposed as well as ways of monitoring performance and ensuring accountability. It is important to be able to measure how well the Vision is being delivered and setting targets for the Priorities, as well as for individual projects and programmes, provides an important check on the delivery performance of those responsible.

4.5 Strategic Framework

The next necessary component is the development of a Strategic Framework to develop the Vision and Priorities further. The Strategic Framework is the mechanism which inter-relates the actions on the ground (i.e. the actual projects and programmes, grouped together under initiatives, see section 4.8) with the Priorities and the Vision. The Strategic Framework is critical to the overall approach as shown in the diagram on page 23. It is normally developed in conjunction with the Strategic Plan; the development of both is one of the main recommendations of this Study.

4.6 A Strategic Plan for the Harbour

Just as a business has a corporate plan that sets out its vision, mission and how that will be achieved, so the new approach incorporates a Strategic Plan for the harbour, to set out the Vision and Priorities and show how they can be delivered.

The Strategic Plan should adopt the HBF Vision and Priorities, further develop the Strategic Framework and set it within a spatial context. It should undertake an audit of all the harbour's physical, economic and social assets and an analysis of the harbour area and its hinterland. The Strategic Plan should undertake a comprehensive strengths, weaknesses, opportunities and threats analysis of the harbour and analyse the role and positioning of different harbour areas.

The Strategic Plan should develop a set of initiatives comprising projects and programmes which are designed specifically to achieve the Vision and Priorities. The objective of the Plan is to set the long term strategic direction but, as not everything can be done at once, it will also identify immediate and short term actions, including areas where initiatives can be implemented together for maximum benefit. Some programmes will be harbour-wide and may be managed as a fund, from which delivery bodies could bid for financing under a competitive procedure, possibly with matched funding, to identify more local opportunities and enhance and focus resources to achieve results.

4.7 An Overarching Responsible Body

The analysis of the underlying causes clearly identified the inadequacy of the existing governance arrangements. The HEC has recognised the need for an overarching body with a more proactive role supported by more resources and Government appears to be reasonably conducive to the argument.

While HBF supports this move, the focus still appears too narrow. Hong Kong needs a body capable of addressing the political, financial and institutional complexities of harbour planning and delivery, as well as ongoing management and maintenance issues, to have any hope of success. HBF therefore recommends that the fifth component of the new approach be the establishment of an overarching responsible body with the role, remit and resources available to:

- Provide leadership - the head of the responsible body is the Harbour Champion
- Prevent current activity that runs counter to the Vision and Priorities
- Prepare a comprehensive Strategic Plan and harness support from all stakeholders
- Develop tools and mechanisms to facilitate delivery of the Strategic Plan
- Deliver the Vision and be accountable for performance
- Demonstrate transparency by setting targets and monitoring and evaluating success
- Harness the private sector, by having flexibility and autonomy
- Provide long term planning, delivery and management functions for the harbour

A summary of the analysis undertaken and recommendations for an appropriate overarching responsible body for the harbour are presented in chapter 5.

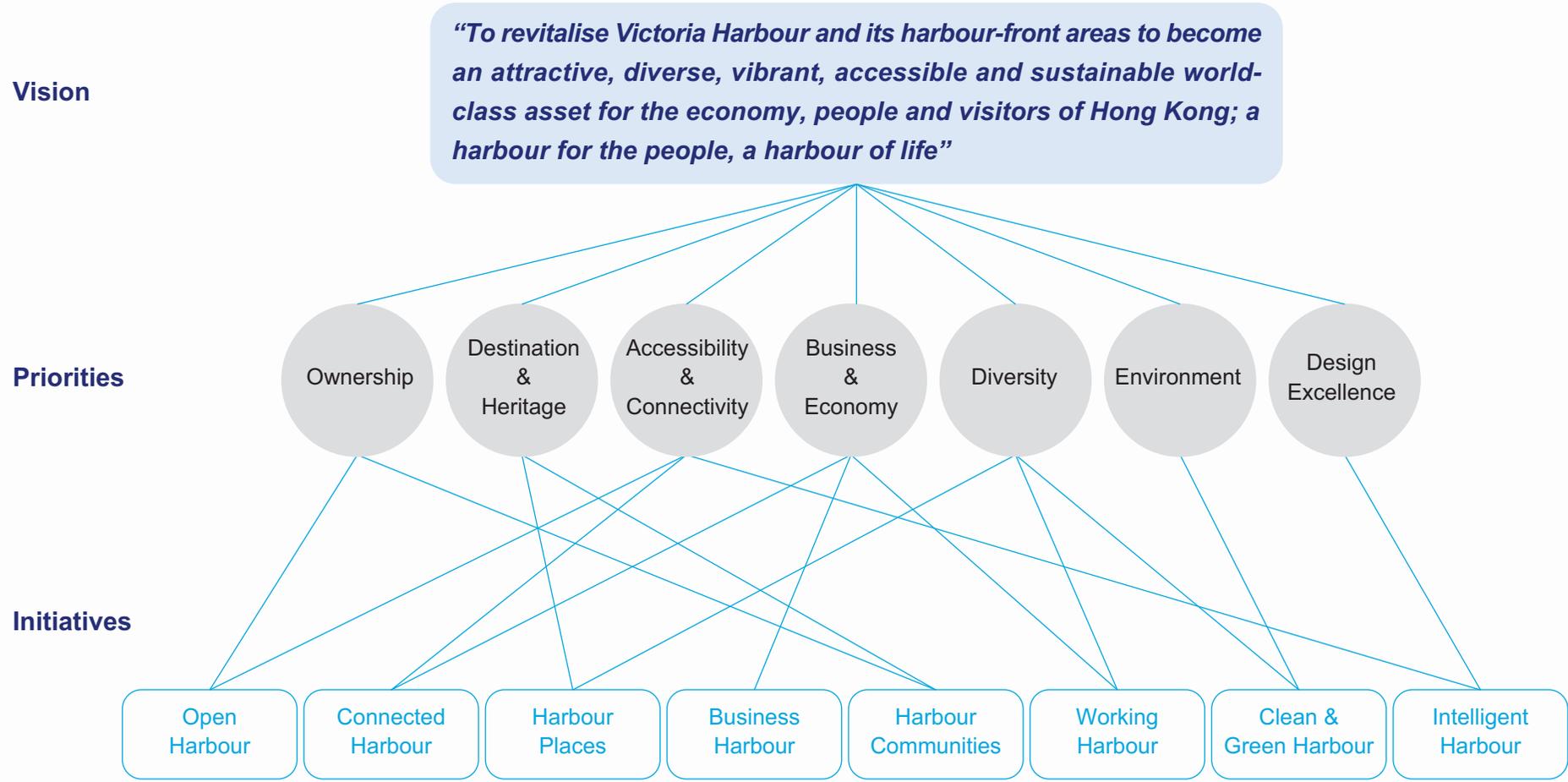


Vision	Priority	Illustrative Targets	Monitoring Mechanism	
<p><i>“To revitalise Victoria Harbour and its harbour-front areas to become an attractive, diverse, vibrant, accessible and sustainable world-class asset for the economy, people and visitors of Hong Kong; a harbour for the people, a harbour of life”</i></p>	Ownership	Take “ownership” of the harbour as a public asset for the people of Hong Kong and visitors to the city	Increase community perception of ownership and value of Victoria Harbour by 20% by 2016	Undertake surveys monitoring perception and value of Victoria Harbour by the community
	Diversity	Create diversity of activities and land uses on harbour-front sites which will promote vibrancy and distinctive identities for harbour-front districts and communities	Prepare and adopt a comprehensive Strategic Plan for Victoria Harbour including delivery plans for each harbour-front district by 2011	Key performance indicators and monitoring of harbour overarching responsible body
	Accessibility & Connectivity	Promote pedestrian and water-based connectivity between harbour places and accessibility from adjoining hinterland districts	Increase the kilometre length of publicly accessible harbour-front by 20% by 2016. 10 harbour taxi points by 2011.	Update Harbour Audit on a biannual basis
	Business & Economy	Foster harbour-front business and maritime assets to support and grow the Hong Kong economy and create job opportunities	Increase the share of the contribution of harbour-front businesses to the Hong Kong economy by 10% by 2016	Baseline survey for businesses in 2010. Impact assessment in 2015
	Destination & Heritage	Develop the harbour and its heritage as Hong Kong’s international brand and the principal destination for visitors through creating key attractions and local places of interest	Secure UNESCO World Heritage Site status for Victoria Harbour by 2015. 2 harbour-front sites rated in top 5 tourist attractions by 2016	UNESCO World Heritage Site list. Undertake surveys of perception and value of the harbour
	Environment	Achieve improved air and water quality and create a close connection between people and the natural harbour environment through education, good design and area management	Adopt water quality targets suitable for recreation. Achieve water quality targets by 2016	Harbour water quality monitoring
	Design Excellence	Promote excellence in harbour-related urban design and protect the harbour-front from inappropriate uses and designs	Establish a task group under the overarching responsible body with the power to veto design by 2010 and new urban design guidelines for the harbour by start 2012	Key performance indicators of overarching responsible body and Hong Kong Planning Standards & Guidelines

Source: GHK Study Team



An Integrated Harbour Strategic Framework



Source: GHK Study Team

4.8 Planning & Delivery System Changes

The sixth and final necessary component is to make changes to the existing planning and delivery systems in Hong Kong. As shown in chapter 3 on the underlying causes, even if a new overarching responsible body is created and a comprehensive Strategic Plan developed, turning that plan into reality will still be difficult. Hong Kong lacks the tools and precedents to get projects and programmes successfully implemented and the management experience to create vibrant places.

In order to develop recommendations on the required changes to the planning and delivery systems the Study team developed a set of illustrative initiatives, rather like those that would be developed in the Strategic Plan. It was through carefully examining how each of the projects and programmes under each initiative could be put into practice that the necessary actions were determined.

This method of determining solutions through practical application was used at the third joint HBF-Government workshop in which attendees were asked to apply projects and programmes to the area of Kwun Tong. Attendees quickly realised that unless decision making processes and the planning and delivery system changed, the projects and programmes could not be successfully implemented.

Illustrative actions under each of the eight initiatives are shown on the next two pages. The intent of each initiative is to implement one or more of the priorities and in this way the projects and programmes, shown as examples here, link back to Priority targets and the Vision.

Projects and programmes are often listed as “a number of” because they are describing what would need to be achieved rather than being too prescriptive.

Looking at the initiative called “Harbour Places” as an example, under this initiative projects and programmes are aimed at bringing people and energy to the harbour-front. One of the proposed projects under the 10 visitor attractions could be an urban beach. However, this would require improvements in water quality. This is a positive interpretation of the policy to only allow on the water, activities that cannot be undertaken on land. As even a water theatre could be interpreted as reclamation, proponents would need to establish that community

benefits fulfil the overriding public need test of the Protection of the Harbour Ordinance (PHO). Management of harbour destinations could be undertaken by the private sector and built with an innovative architectural design but none of this could happen under the current *modus operandi*.

Just some of the problems that need to be addressed are listed under policy and processes. Together with the knowledge of the underlying causes, these initiatives and how they might be implemented helped the team to build the recommended changes to the planning and delivery systems. The proposed solutions are presented in the Harbour Roadmap and the Delivery Plan in chapter 6.



1. Open Harbour

Intentions

24 hour access where appropriate
Access for all user groups
Extend sense of harbour into hinterland
Penetrate/ remove barriers



Example Projects & Programmes

5 Super pedestrian crossings
5 Decking over infrastructure projects
5 Park-to-harbour projects
5 MTR-to-harbour projects
Universal access programme
Round the clock access programme

Policies & Processes

Tools to remove non-compatible uses
Policy to prioritise at-grade pedestrians
Policy to remove PTI's on harbour-front
Policy for at-grade non-vehicular access
Policy for design excellence
Policy support for rail & road pricing

2. Connected Harbour

Intentions

Easy walking & non-vehicular transport
along harbour-front
Easy route around any barriers
Easy water connections across & along
the harbour



Example Projects & Programmes

5 land connection projects
5 water connection projects
Harbour travel programme
Missing links programme
Barrier removal programme
Traffic calming programme

Policies & Processes

Tools to remove non-compatible uses
Joined-up district land-use planning
Policy to prioritise at-grade pedestrians
Policy to promote private water transport
Policy for design excellence
Amend statutory planning guidance

3. Working Harbour

Intentions

Foster commercial maritime industry
Develop leisure maritime industry
Compatible commercial & leisure use
Rationalise under-utilised maritime
assets



Example Projects & Programmes

Hong Kong marina
2 water basin projects
PCWA appreciation programme
Marine industry improvement
programme
Working harbour exhibits

Policies & Processes

Tools for project assessment & evaluation
Tools for project implementation
Establish overriding public need
Policy for harbour-front land for harbour-
front use only
Licensing for water taxis

4. Harbour Communities

Intentions

Community "ownership" of harbour
Opportunities for events, recreation,
leisure, local culture, sharing
Celebration of local character
Retain not replace communities



Example Projects & Programmes

Community revitalisation funding
programme whereby communities
develop their own projects and bid
for funds
Community animation programme,
whereby communities develop plans
and bid for funding for events

Policies & Processes

Measures to address dichotomy of capital
and recurrent funding
Change of funding mindset whereby
communities actively manage their own
revitalisation and funding is competitive
Initiate proper public engagement and
participatory programming

Source: GHK Study Team



5. Harbour Places

Intentions

Destinations for tourists & visitors
Places & clusters of different type & function
Distinctive character and attraction
Places encapture characteristics of hinterland



Example Projects & Programmes

Hong Kong gateway
5 tourist & 10 visitor attractions
Water play programme
Harbour events programme
Destination marketing programme
PPP in destination management

Policies & Processes

Tools for project assessment
Amend statutory plan guidance
Amend urban design guidelines
Tools for project implementation
Multi-disciplinary strategic planning
Sources of funding for site animation

6. Business Harbour

Intentions

Facilitate clusters of business opportunities, investment and jobs
Range of scale & activity
Overcome licensing, zoning & management issues
Re-use of buildings/assets



Example Projects & Programmes

10 economic re-use projects
10 harbour-front address projects
2 harbour-front markets
One-stop-shop business project
Branded amenities programme
Pier licensing programme

Policies & Processes

Flexibility in place management
Tools for project implementation
Regular land sales
Policy to involve private sector in place-making & management
Amend planning standards & guidelines

7. Clean & Green Harbour

Intentions

Provide places of respite from high density living
Quality environment, air & water
Greening and habitat regeneration
Environmentally friendly behaviour



Example Projects & Programmes

1 environmental encounter project
5 water quality black-spot projects
Harbour environmental education centre
Harbour environment education programme

Policies & Processes

Joined-up environmental and urban planning
Tools for project assessment & evaluation
Amend planning guidelines on recreation & open space planning

8. Intelligent Harbour

Intentions

Harbour use & ownership
Easily available information
Easy to find
Intelligent branding through art
Use of internet, other means



Example Projects & Programmes

Harbour website
10 Information point projects
Way finding programme
Leisure & tourism training & awareness programme

Policies & Processes

An overarching responsible body
Amend planning standards & guidelines
Solutions for recurrent funding programmes
Value for money guidance to judge quality against least cost

Source: GHK Study Team



5 A RESPONSIBLE BODY

5.1 Overview

HBF proposes two different forms of overarching responsible body to match the circumstances and the roles and responsibilities required at different stages in the delivery process. An initial Harbour Committee (HC) that can be set up easily and would run for about four years, to be followed by a new Harbour Agency (HA) once the necessary preparations and pre-conditions have been completed. The proposals are based on detailed analysis of international and Hong Kong experience and the special circumstances of Victoria Harbour.

5.2 International and Local Experience

International experience shows water-front development to be a complex challenge with many examples of both success and failure. Moreover, such experience also shows there to be no one-size-fits-all model for planning, delivering and managing water-front development with bodies, agencies and systems taking on many forms depending on local laws, customs, characteristics and preferences. However, common among the successful examples is the existence of a single controlling entity with the powers needed to pull together the different levels and functions of Government to deal with the complicated political, financial and design challenges, as well as harnessing the support of the community and private sector. While examples can be found where sponsoring governments have been able to deal with these issues successfully, in other instances specific and dedicated agencies have been required.

This need for a development agency of some kind – whether it be an independent authority, an inter-departmental taskforce or a public private partnership – reflects the key lesson of international experience: *that implementing water-front development projects is far more difficult than planning for them.*

International models cover a wide range of approaches, from public development committees to private for-profit corporations, not-for-profit redevelopment agencies to public-private joint ventures and port authorities. Some of the most effective of these approaches include control of water-front land, a powerful and independent board of directors, a streamlined development approval process, access to start-up capital and freedom from restrictive personnel and budget policies. In addition, there is usually an entrepreneurial chief executive who recruits key staff from government and thus pre-empts opposition from technical departments.

Six specific examples of overseas water-front and area-based development organisations were analysed in detail during the Study. These included Boston, Liverpool, London, Singapore, Sydney and Toronto. Four Hong Kong examples and the transitions undergone in their formation from high level committee to statutory body where appropriate were also considered. These included Airport Authority, HOUSCOM, Urban Renewal Authority and West Kowloon Cultural District Authority. A summary of the comparison of overseas and Hong Kong experience is shown on the opposite page.

5.3 Options for Hong Kong

Drawing on international and local experience, the Study team developed four alternative options for an overarching responsible body and compared them against continuation of the status quo. The focus was solely the overarching body responsible for planning, delivery and management; it did not preclude the possibility of second-tier area or sector-specific organisations undertaking delivery or management functions underneath the overarching body. Moreover, the nature of the options developed reflect the unique circumstances in Hong Kong where harbour-front land is valuable and much of it fully utilised in contrast to many international water-front developments that sought to revitalise run-down areas or old, dis-used docklands.

The table on page 29 shows the range of options developed. At one end of the spectrum is the option for a high powered Harbour Authority (Harbour A+) with statutory planning, delivery, management, land-holding and resumption powers, somewhat akin to the Urban Redevelopment Authority in Singapore. At the other end of the spectrum is a Harbour Committee (HarbourCom) that requires no legislation and acts through existing Government bureaux and departments, albeit with an executive arm with far greater resources than the Harbour Unit under the status quo. The second joint HBF-Government workshop was used to test the advantages and disadvantages of different options relative to continuation of the status quo with respect to their ability to achieve the Vision.

Comparison of Overseas Overarching Responsible Bodies and Hong Kong Experience

		International Experience	Hong Kong Experience
Remit	Role and Scope	Strong focus on economic development, not just planning Functional remit primarily area rather than sector focused, city-wide (Singapore/BRA) or area-specific (Sydney/Toronto). No examples of agencies taking responsibility only for the entire water-front	Little economic development focus Primarily planning and development of single-sector projects, addressing a particular need
	Status and Governance	Overseas cases covered four types: <ul style="list-style-type: none"> • A national or local government committee (Thames Gateway) • Incorporated under general company law (Liverpool) • Incorporated under general legislation to create public development agencies (Boston) • Incorporated under specific legislation (Singapore, Sydney) Always accountable to an elected official (City Mayor, Minister etc) Public-private sector boards, usually chaired by private sector appointee	Hong Kong cases can be categorised into two types: <ul style="list-style-type: none"> • High level steering committee, no private sector members (ADSCOM/HOUSCOM) • Incorporated under specific legislation (WKCD, URA, AA) Authorities have public-private sector boards, are accountable to the Chief Executive and answerable to LegCo
Responsibility	Planning	All undertake strategic planning to identify priorities Most prepare land-use plans for specified sites and development briefs and design guidelines All undertake implementation planning All non-UK examples also have statutory planning powers	Tightly defined remits limit scope for strategic planning Land-use planning and implementation planning common No statutory planning – responsibility remains with TPB
	Delivery	All have responsibility for delivery Always an important co-ordination role (between public and private sector) Delivery always using private sector, some undertake delivery themselves Public realm often paid for or provided using planning gain	Authorities have site-specific responsibility for delivery Authorities face government co-ordination problems Sectors covered are suited to public-private delivery No provision for planning gain
	Management	Economic development focus and land-holding role leads to ongoing involvement in management Private sector used where possible (riparian owners) Strong emphasis on making a place active, not just physical process of making a place Heavy promotional and event-organising component	Management role if tightly-defined site (AA, WKCD, URA) Some experience of private sector (riparian owners) Increasing emphasis on branding and promotion where already responsible for management
Resources	Land Holding	All have land holding and strong land-use powers. Land acquired through initial endowment, acquisition or transfer from preceding authorities	Land vested to AA and WKCD
	Funding	Independent body allows for ring-fenced and transparent funding Considerable funding sources for local economic development Additional funding from internally generated income (land sales/lease), periodic subventions from government, competitive bids to external funding sources and programmes	Ring-fenced and transparent funding, as well as retention of internally generated income No local economic development funding Very little sponsorship or partnering in Hong Kong

Source: GHK Study Team



Pros and Cons of Alternative Options for an Overarching Responsible Body

Options	Harbour Authority (Harbour A+)	Harbour Development Agency (Harbour A)	Harbour-Company (HarbourCo)	High Level Public-Private Committee (HarbourCom)	Continuation of the Status Quo (Harbour Unit & HEC)	
Remit	Status and Governance	<ul style="list-style-type: none"> Statutory authority under specific legislation 	<ul style="list-style-type: none"> Statutory authority under specific legislation 	<ul style="list-style-type: none"> Company set up under existing company law once initial legislation passed 	<ul style="list-style-type: none"> Chaired by Chief Sec Executive office No legislation 	<ul style="list-style-type: none"> Executive office within Development Bureau plus advisory committee No legislation
	Functional Remit	<ul style="list-style-type: none"> Economic including Port Community Physical development Environmental 	<ul style="list-style-type: none"> Economic excluding Port Community Physical development 	<ul style="list-style-type: none"> Economic excluding Port Community Physical development 	<ul style="list-style-type: none"> Physical development Economic excluding Port Community 	<ul style="list-style-type: none"> Physical development Very limited economic and community activity
Responsibility	Planning	<ul style="list-style-type: none"> Statutory Planning Strategic Planning Land-use Planning Implementation Planning 	<ul style="list-style-type: none"> Strategic Planning Land-use Planning Implementation Planning 	<ul style="list-style-type: none"> Strategic Planning Land-use Planning Implementation Planning 	<ul style="list-style-type: none"> Strategic Planning Advice Land-use Planning 	<ul style="list-style-type: none"> Harbour Unit: Implementation Planning HEC: Planning Advice
	Delivery	<ul style="list-style-type: none"> Responsible for delivery Acts as a developer Joins with others to deliver Has powers and mechanisms to incentivise others to deliver e.g. lease modifications 	<ul style="list-style-type: none"> Responsible for delivery Joins with others to deliver Has limited powers and mechanisms to incentivise others to deliver 	<ul style="list-style-type: none"> Responsible for delivery Joins with others to deliver Area-specific organisations to deliver 	<ul style="list-style-type: none"> Responsible for delivery through Government departments and area-specific organisations Has limited powers and mechanisms to incentivise others to deliver through LandsD 	<ul style="list-style-type: none"> Co-ordination of public-sector led delivery within Development Bureau
	Management	<ul style="list-style-type: none"> Responsible for management Manage Joins with others to manage Has powers and mechanisms to incentivise others to manage 	<ul style="list-style-type: none"> Responsible for animation and place management O&M of public realm, as per LCSD/ private sector/ NGO 	<ul style="list-style-type: none"> Responsible for animation and place management O&M of public realm, as per LCSD/ private sector/ NGO 	<ul style="list-style-type: none"> O&M of public realm, LCSD/ private sector/ NGO 	<ul style="list-style-type: none"> HEC advises on PSI in management O&M of public realm, as per LCSD/ private sector
Resources	Land Holding	<ul style="list-style-type: none"> Public land hypothecation Resumption powers 	<ul style="list-style-type: none"> Public land hypothecation LandsD required to seek approval 	<ul style="list-style-type: none"> No public land hypothecation LandsD required to consult 	<ul style="list-style-type: none"> No public land hypothecation Direct LandsD Policy 	None
	Potential Funding Source	<ul style="list-style-type: none"> Capital endowment injection Rental income Sponsorship Partnering Capital Works Reserve Fund Departmental budget 	<ul style="list-style-type: none"> Capital endowment injection Development fund ring-fenced for harbour activity Rental income Ring-fenced harbour tax Sponsorship 	<ul style="list-style-type: none"> Development fund ring-fenced for harbour activity Ring-fenced harbour tax Sponsorship Philanthropy 	<ul style="list-style-type: none"> Capital Works Reserve Fund Departmental budget 	<ul style="list-style-type: none"> Capital Works Reserve Fund Departmental budget

Source: GHK Study Team

A HarbourCom, with Government and private sector membership, was considered to have many advantages over the existing arrangements and would be the easiest of the four options to establish. Its main advantage was seen in being able to co-ordinate and direct activity across bureaux to cover essential aspects such as environment and transport. HarbourCom was considered to be good as a trouble-shooting body to co-ordinate planning and overall direction but the committee structure would and less sustainable be less suited to delivery and management in the long term.

The establishment of a dedicated harbour company, HarbourCo, was considered potentially to be a useful implementing body, not necessarily through developing areas itself but through its identification of suitable partners to see projects through from conception to delivery and then operation. Such a partnering approach (possibly using something like the Business Improvement District model, shown the right) would also leverage additional funds, thereby increasing value for money. However, such companies are an untried approach in Hong Kong and could therefore take time to set up. It was also rather unclear within the Hong Kong context how such a body could be delegated legal authority. Harbour Co was considered more suitable as a second tier implementing agent than an overarching responsible one.

A Harbour Development Agency (Harbour A), was considered to bring many of the same advantages of HarbourCo in terms of its ability to deliver but with the added advantage of holding land. Lead time would be greater and government upheaval

would be more of an issue but the Harbour A would allow greater emphasis on place management while providing a less powerful but more politically acceptable version of the Harbour A+.

New Partnership and Funding Arrangements for the Management and Maintenance of Public Spaces: Piccadilly Circus , London and Times Square, New York

The UK and US have witnessed dramatic falls in public sector funding for public spaces and, as a consequence, new additions to urban space are now often designed and managed by private investors - with significantly increased partnerships between the public and private sectors. Business Improvement Districts (BIDs) were first introduced in the US in the early 1990s as a way of drawing private resources into public space management through a more formalised partnership arrangement and funded through a levy on all property owners in the area. The BID mechanism was later adopted in England, funded by an additional levy on the business rate paid by commercial property occupiers. Designs for new projects and their management and maintenance are specified in "BID arrangements" prepared in partnership by local government and local businesses and approved by a majority vote of non-domestic rate payers.

In the UK a BID was set up for the Piccadilly Circus area to make sure that the area continued as "a vital and cosmopolitan business and retail centre" at the heart of London's West End film, entertainment and leisure district. At that time the area was suffering declining standards of maintenance, increased crime, downgrading of property and increased congestion – all compounded by declining levels of public funding for public space services. The BID set up the Piccadilly Circus Partnership in September 2001 as a company limited by guarantee and has unlocked private sector investment in traffic calming measures, road closures, quality streetscape enhancements, on-street wardens, improved security and extensive marketing and promotion of the area.

Perhaps one of the most successful BIDs in the US has been the recent transformation of New York's famous, Times Square from being no more than a busy road junction into a pedestrianised and vibrant urban space of cafes, seating areas and street performance spaces – with significantly improved programming (some provided by surrounding theatres) and security and maintenance by dedicated wardens.

Source: GHK Study Team



5.4 Proposed Form of a Responsible Body

Based on the above analysis, HBF proposes a two stage process to the establishment of an appropriate overarching responsible body for the harbour: an adapted version of HarbourCom (referred to as HC) in the early years leading to an adapted version of Harbour A (referred to as HA) once due preparation has been undertaken. The diagram illustrates the two stage process and highlights the differences between the two types of proposed responsible bodies, HC and HA.

	Timeframe	Authority	Chairperson	Staffing	Funding	Power
						
Harbour Committee	Short Term	Within Government Hierarchy	Chief Secretary	Team Seconded from Government Departments, plus Specialists from Private Sector / Overseas	Through Existing Government Mechanisms	Government Activities
Harbour Agency	Medium Term	Through Specific Legislation	Private Sector Individual	Own Staff	Upfront Capital Endowment & Hypothecation of Land	Government Activities, Partner with Private Sector & Leverage Private Sector Funds

Source: GHK Study Team

In the early years, the tasks of the overarching responsible body will need to focus on planning and managing what are currently Government activities. This is a task for a high level committee. HBF proposes a Harbour Committee (HC) headed by the Chief Secretary in order to ensure sufficient authority within the Government hierarchy to manage conflicting bureaux and departmental objectives. Membership would include both public and private sector, but with membership numbers limited to enhance effectiveness.

The Chairman should be a champion for the harbour and have the leadership qualities to change engrained procedures and mindsets. The HC would be supported by a dedicated executive team seconded from relevant Government departments and specialists from private sector / overseas to pioneer new approaches and develop new tools for harbour delivery, such as place-making and effective stakeholder engagement.

The HC would provide vision, leadership and policy direction for the harbour. The HC would be responsible for developing the Strategic Framework and Strategic Plan and establishing a new modus operandi with respect to decision making. The HC would also have the power to prevent inappropriate and pre-emptive development as well as any design that does not celebrate its harbour-front location.

As with ADSCOM leading to the Airport Authority and the Consultative Committee for West Kowloon

leading to West Kowloon Cultural District Authority, the HC would be the first step en-route to a statutory body. The HC in itself is not sustainable. A committee cannot hold its own funds and can only implement through existing Government mechanisms and as such is not suitable for long term delivery and management responsibilities. The Chairman of a committee is not solely dedicated to achieving its objectives and would have many other calls on his/her time. Further, in practice, a committee can only really ever be advisory in nature with Government departments and bureaux still having the ability to override advice when they consider it necessary. Given these limitations, a committee is unlikely to deliver the Vision in the long term but it is the most effective first step.

HBF therefore proposes that in the medium term an HA be established under specific legislation, to be responsible for implementing the Strategic Plan and managing and animating the harbour and its harbour-front areas (excluding the port). The recommendation that the HC comes first with the HA to follow in the medium term is pragmatic and reflects the reality that due time is needed to build a convincing case for such a change in governance arrangements. Evidence of the lead-time required to establish the WKCDA and the experience of 2006 when LegCo did not pass a motion proposing a harbour district authority supports the proposed two step process.

The HA would be autonomous and chaired by a private sector individual. The HA would have its own staff and provide relevant checks and balances required of a publicly funded authority. Its guiding principles would include:

- Transparency
- Accountability
- Sustainability
- Working with private sector and the community
- Embracing stakeholder participation and community engagement
- Fostering economic and social development

The HA would be funded through an upfront capital endowment as seed capital and hypothecation of land (giving them the right to develop, manage and/or earn income) to implement the Strategic Plan. The HA would likely manage harbour-wide programmes but task and fund other bodies such as community-based trusts, partnerships or the private sector to implement projects and programmes, depending on the type. As a statutory body, the HA would be able to partner more effectively with the private sector and leverage private sector funds for both implementation and management.

Further detail about the roles and responsibilities are included in the Roadmap and Delivery Plan in the following chapter.



6 HARBOUR ROADMAP AND DELIVERY PLAN

6.1 Introduction

This chapter sets out the necessary actions to implement HBF's proposed new integrated approach to harbour planning, development and management. This approach addresses the underlying causes of why the harbour is failing to live up to its potential and has six key components, as set out in chapter 4. This chapter develops these key components into a series of step-by-step actions and proposes a practical timetable for implementation.

The actions specifically target the underlying causes. Unfortunately, there is no single solution because the challenges are complex and multi-dimensional. This is why HBF is proposing a series of actions that need to be implemented together, so that together they can address the underlying causes. Each action has been carefully selected to make a distinct contribution, but the actions also mutually reinforce one another so that the desired outcome can be achieved.

When facing such complex and multi-dimensional challenges it is very tempting to try to focus just on one or two actions that are considered relatively easy to implement. However, HBF considers that to focus on short term, quick fire solutions for the harbour would be a mistake because doing so would miss the true opportunities that could be realised. Of equal importance is timing: the time for a new approach is now, as there are so many

new developments in the pipeline and what is implemented in the next few years will shape the harbour for years to come.

HBF considers that attempting to "cherry-pick" from the proposed actions will compromise the desired outcome, compromise the Vision and compromise the potential benefits that a world-class harbour could bring to Hong Kong. The business approach to solving problems is to determine the desired outcome and set out proposed actions to deliver that outcome and that is the approach we have adopted here - a multi-pronged approach to a multi-dimensional problem.

Whilst all of the actions are considered necessary, at the same time HBF has sought to be practical, only suggesting changes that have a realistic chance of being implemented and generally accepted by stakeholders. Where proposals are considered more difficult to implement, we propose that change be introduced gradually and sequentially. For example, our proposal is that a Harbour Agency (HA) would ultimately be necessary but to push for one immediately would not be practical, hence the proposal that a Harbour Committee (HC) be established first as advocated in chapter 5. Likewise, more innovative area management ideas are suggested to be introduced using pilot projects so that their impact can be evaluated against performance criteria, lessons learnt and stakeholder support harnessed ahead of a wider roll-out.

Given the number of actions HBF is advocating, this chapter is presented in two parts. First, the Roadmap provides a timeline of the actions explaining how they interact and mutually reinforce one another. Second, the Delivery Plan provides more detail on each action, including a description of the action's intent and the specific existing problem that the action seeks to address. Most importantly, the Delivery Plan also allocates responsibility for each action to the particular body most suited to getting it done. This includes responsibility for developing the initial recommendations, getting the action implemented and accessing or providing any necessary funding.

The Roadmap and Delivery Plan starts now and sets out each action up to 2013-2014, by which time the Strategic Plan should be completed and the HA in place with the necessary power and funds to turn the Strategic Plan into reality. Actions are the responsibility of four main parties:

- Actions that are the responsibility of the Government now
- Actions that are the lead responsibility of the HC
- Actions that are the lead responsibility of the HA
- Actions that are the lead responsibility of others but none-the-less play an important contributing role in the integrated approach

6.2 Now: Establish the Policy Priority

If the Vision for Victoria Harbour is to be realised, the Government must first commit to an overarching policy that assigns highest priority to the harbour in all relevant decisions in order to maximise its value to the people of Hong Kong, as set out in Section 4.3. This policy should include commitments to:

- Adopt HBF's Vision and Priorities
- Appoint a Harbour Champion and establish an overarching responsible body
- Assign greater priority to public open space
- Adopt the project cycle

This policy commitment must come first as it forms the rationale for all the necessary actions that come later. Without such a policy commitment, there is no direction and no leadership. This is the action that could, if undertaken with sincerity and supporting weight, drive catalytic change as all Government departments could then subscribe to the overarching policy to prioritise the harbour.

6.3 2010: Create the Overarching Body, Mitigation Measures and other Tools

Establish a Harbour Committee

With the overarching policy commitment in place, the HC should be established by 2010. HBF recommends that the HC should set up four task-groups to oversee and co-ordinate its main tasks:

- HC Harbour Works and Design Task Group
- HC Strategic Planning Task Group
- HC Project Implementation Task Group
- HC Area Management Task Group

It is the HC's responsibility to undertake the Strategic Plan and develop the necessary tools for wider plan-making, implementation and management that can allow the Vision to be realised. The HC will also be responsible for harnessing support, creating the enabling environment and securing the necessary funding for the establishment of the HA, whose responsibility will be to deliver the Strategic Plan using the newly developed tools.

The development of a Strategic Framework and Strategic Plan for Victoria Harbour would be expected to take about 18 months and would be the responsibility of the HC's Strategic Planning Task Group. Subsequent feasibility studies, pilot projects and amendments to statutory plans would be expected to take until about 2014, by which time the HA should be in place. Given this time period, a number of immediate actions are recommended to prevent inappropriate developments that are still occurring on the harbour-front and which would compromise the HA's ability to deliver the outcome of the Strategic Plan:

Implement Immediate Mitigation Measures

Upon its creation, the HC executive should immediately review all the relevant OZPs and submit

rezoning requests such that all possible inappropriate infrastructures that are currently 'always permitted' are placed in Column 2 and would therefore require TPB approval. At the same time, new Master Notes should be developed for the harbour-front OZPs that require TPB approval for the design of any new development or redevelopment. In addition, the clause in the OZP Notes which allows any type of temporary land-use should also be removed and replaced with a clause that only allows uses that would complement harbour-front settings, primarily open space and recreation uses. In the absence of any alternative this land should be allocated to LCSD for management. Thus Government will need to provide LCSD with additional funds for these, as well as existing sites, to improve basic services and develop programming to encourage activities as well as access. These actions are temporary, to mitigate some of the immediate problems, not for long term implementation.

The HC Harbour Works and Design Task Group should quickly develop its own design criteria for harbour-front developments. The Task Group will vet all designs for new developments around the harbour and provide an independent view to TPB who will not consider new developments that have not been approved by the Task Group. This stops bad practice continuing unabated and sets a precedent for quality harbour-front design. In



addition, the Task Group will review all applications to the CWRP that involve sites/projects around the harbour to ensure all public works projects, whether small or large, adhere to the overall policy commitment, that the harbour itself should be assigned the greatest priority.

The third action is not the responsibility of the HC but one of government policy. Given the lack of integration of urban land-use planning and infrastructure planning, all infrastructure studies should be jointly led by PlanD if they impact the harbour or an area within say 300m of the harbour-front. This includes highways, railways, sewerage and all other infrastructure.

Develop Tools for Plan Making, Implementation and Management

Having succeeded in preventing inappropriate developments around the harbour that could compromise the implementation of the Strategic Plan, the HC next needs to turn to developing the necessary tools to allow it and all Government departments and bureaux to develop better plans and then see those plans realised. Key will be the development of three new guides and manuals:

- The Project Cycle Manual (PCM)
- The Project Implementation Guide (PIG)
- The Area Management Guide (AMG)

Together, these guides will provide guidance on identifying appropriate and inappropriate land-uses,

facilitate the swift implementation of plans, guide the management and activation of areas once created, and monitor and evaluate impacts to ensure continuous improvement and best practice. All three will be developed by different HC Task Groups; the PCM jointly with the Efficiency Unit (EU).

At the same time, existing tools need to be amended and improved. The HC Strategic Planning Task Group, should lead the development of a new, harbour-specific chapter of the HKPSG with assistance from the Planning Standards Subcommittee (PSSC). This new chapter should build on the HEC's existing Harbour Planning Guidelines and HBF's Guidelines for a Sustainable Hong Kong Harbour and would have precedence should it conflict with any other chapters, thereby translating Government's policy priority into a set of clear land-use allocation and urban design guidelines that prioritise the harbour. The HC should also require the PSSC to revise HKPSG Chapter 4 on Recreation and Open Space, replacing standards and quotas with a focus on quality provision, place-making, demand assessments, building disposition and pedestrian movement.

6.4 2011-2012: Pilot Projects and Feasibility Studies

Implementing the Guides and Manuals

Writing the manuals, guides and new chapters of the HKPSG should take about a year. Once completed, pilot projects should be undertaken and

evaluated with respect to project implementation and area management. In doing so, the guides can be amended and improved, and precedents developed, thereby harnessing support for the new approaches prior to implementing the Strategic Plan. In order to provide sufficient evidence, the pilot projects will need to run for two years or so.

Once the PCM is complete, all applications for project funding to FSTB should provide supporting documentation to show a clear rationale, options assessment, value for money and monitoring mechanisms. Capacity-building training will therefore be required across Government. All projects around the harbour will be passed to the HC Harbour Works and Design Task Group for vetting to ensure priority is placed on the harbour and the plans comply with the new HKPSG chapters and PCM.

Adding Detail to the Strategic Plan

The Strategic Plan is expected to be completed in the second half of 2011. The plan will have identified a series of projects and programmes, some of which will require further study. The HC will need to commission a series of feasibility studies, to be funded by block allocations from the relevant bureaux. Such further detailed study would be required in order to submit funding applications to LegCo. The Strategic Plan will also have identified potentially suitable locations for each project and programme. HC will therefore need to submit rezoning requests for key areas. The rezoning

should include special control procedures in the explanatory notes (such as design to be approved by TPB) as well as cross reference the PCM to ensure appropriate assessments and consultations are conducted.

Supporting Reforms

Alongside these projects and studies, reviews should be undertaken into reforming the Buildings Ordinance and the TPB. Both will require some degree of reform if the Vision is to be realised.

6.5 2013-2014: Establish the Harbour Agency

By 2013 the feasibility studies should be completed and the performance of the pilot projects determined. The rationale and justification can then be submitted to LegCo to support the bid for funding to create an HA to implement the Strategic Plan. Using the precedence established in creating and funding the WKCDA, funding for the HA could be provided by submitting projects and programmes for joint funding, then allocating these funds to the HA as an upfront capital endowment.

If the bid for funding is submitted in 2013, the HA can be up and running in 2014. The HA will be able to use its powers and funds to implement the Strategic Plan, thereby successfully realising the vision for Victoria Harbour.

The Project Cycle Manual (PCM)	The Project Implementation Guide (PIG)	The Area Management Guide (AMG)
<p>To be developed jointly by the HC Strategic Planning Task Group and the EU, the PCM will cover all aspects of the project cycle, from identification of need to ex-post evaluation. Specifically the PCM will include:</p> <ul style="list-style-type: none"> • Guidelines for judging value for money, thereby maximising resources rather than applying least cost • A complete overhaul of sustainability assessment (SA) guidelines and techniques, including when and how to apply SA as well as the introduction of assessments of intangible costs and benefits • Guidelines for introducing international best practice in planning participation, including greater upfront stakeholder engagement, more detailed community consultation at later stages, and upholding the principle of full information whereby participants are fully informed of the implications of their choices 	<p>To be developed by the HC Project Implementation Task Group, with assistance from LandsD, the PIG will include guidelines and criteria for:</p> <ul style="list-style-type: none"> • Premium concessions for certain specific lease modifications • Compensation of land-owners for accepting loss of development rights • Establishing public purpose for resumption along the harbour-front • Establishing over-riding public need for small scale reclamation/harbour sculpting • Use of entrusted works to promote private sector provision of public facilities • Development of land disposal tender system to replace the application list system for key harbour-related sites 	<p>To be developed by the HC Area Management Task Group with assistance from LCSD, PlanD, HBF and others, the AMG will include:</p> <ul style="list-style-type: none"> • Mechanisms and guidelines for involving the private sector in public space management • Mechanisms and guidelines for involving the community sector in public space management • Guidelines for LCSD to adopt more activity-orientated tendering systems when contracting out management and maintenance of public open space • Guidelines regarding acceptable events and facilities, including interpretations of the Pleasure Grounds Ordinance, entertainment and al-fresco dining regulations, licencing, public seating etc.

Source: GHK Study Team



THE HARBOUR ROADMAP

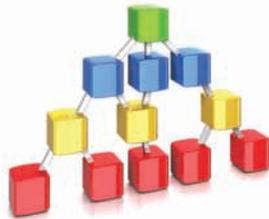


Harbour Committee
海港管理委員會



Harbour Agency
海港管理機構

NOW



- Commit to an Overarching Policy
- Adopt HBF Vision & Priorities
- Appoint Harbour Champion & Establish an Overarching Body



Assign Greater Priority to Public Open Space

Adopt the Project Cycle



2010



Provide Recurrent Funding for Temporary Management of Harbour-front Public Open Space by LCSD



Joint Lead Infrastructure Studies with PlanD

Revise Open Space Chapter of Hong Kong Planning Standards and Guidelines (HKPSG)



Create Harbour Works & Design Task Group to Veto Poor Harbour Design



Review Applications to CWRF

Review Statutory Plans & Request Rezoning



Prepare Strategic Plan (SP)

Develop Project Cycle Manual (PCM), Project Implementation Guide (PIG) & Area Management Guide (AMG)

Develop Harbour Chapter of HKPSG

Source: GHK Study Team

2011-2012

Review and Reform Buildings Ordinance & Town Planning Board (TPB)



Capacity Building Training on PCM and PIG



Conduct Feasibility Studies & Request Rezoning Resulting from SP

Pilot Projects for Area Management & Project Implementation



Veto any Project Not Complying to PCM & New HKPSG

2013-2014



Secure Funding Approval for Creation of a Harbour Agency



Implement SP, Projects & Programmes

Monitor, Evaluate & Review on Continuous Basis

Key

-  HKSAR Government
-  Harbour Committee
-  Harbour Agency



Delivery Plan

Delivery Action	Start	Description	Responsibility			Problems Addressed
			DR	I	F	
Establish the Policy Priority	Now	Announce strong policy commitment to prioritise the Harbour, including adopting HBFs Vision and Priorities, appointing a Harbour Champion, establishing an overarching responsible body, assigning greater priority to open space and adopting the Project Cycle concept	Government			Lack of a vision, leadership and policies which prioritise the harbour
Establish a Harbour Committee	2010	Establish the Harbour Committee	Government			Lack of a single, responsible and accountable body for the harbour
	2010	Develop a Harbour Strategic Framework and Strategic Plan i.e. a multi-sector comprehensive strategy for harbour development and management	HC (DevB)	HC (DevB)	DevB	Lack of an integrated vision & a comprehensive strategy
Implement Immediate Mitigation Measures	2010	Amend current harbour-front OZPs to put all infrastructure, including roads, into column 2 which requires TPB approval. Develop new Master Notes for harbour statutory plans which require TPB approval for exterior design. Replace the OZP clause allowing any type of temporary use with one that only allows uses appropriate for harbour-front settings.	HC (PlanD)	TPB (PlanD)	DevB	Stop inappropriate uses, including temporary uses, around the harbour-front, including at current development sites including Central & Kai Tak. Resolve current lack of design control.
	2010	Develop harbour-front design criteria and vet design of any new development around the harbour prior to approval by TPB. Also vet applications to CWRF to ensure compliance with policy commitment.	HC	HC	DevB	Inappropriate development and designs around the harbour
	2010	All infrastructure studies which may impact harbour to be jointly led by PlanD	Joint with PlanD			Lack of integration of infrastructure and urban planning
	2010	Provide additional recurrent funding to LCSD for harbourfront sites	Government			Lack of funds for LCSD to take on and animate new sites
Develop Tools for Plan-Making, Implementation and Management	2010	Jointly with the Efficiency Unit, develop a new Project Cycle Manual with specific chapters on (i) value for money, (ii) sustainability assessment, (iii) stakeholder engagement	HC + EU	HC + EU	EU	Lack of tools for appropriate plan-making, effective decision making and lack of project cycle
	2010	With assistance from LandsD, develop a new Project Implementation Guide which provides guidelines and criteria for: (i) premium concession for certain specific lease modifications, (ii) compensation of land-owners for loss of development rights, (iii) public purpose for resumption along the harbour-front; (iv) over-riding public need for small scale reclamation/harbour sculpting, (v) use of entrusted works to promote private sector provision of public facilities (vi) development of tender system, to replace application list system for key harbour-related sites	HC (LandsD)	HC (LandsD)	DevB	Lack of tools for implementation leading to delays, inefficiency, vacant sites and wasted resources. Lack of proactive action by officials resulting from lack of guidance and precedent, in dealing with private sector

Key DR: Develop Recommendations I: Implementation F: Funding Source: GHK Study Team

Delivery Action	Start	Description	Responsibility			Problems Addressed
			DR	I	F	
	2010	With assistance from LCSD, PlanD, HBF and others, develop a new Area Management Guide which includes: (i) mechanisms and guidelines for involving the private sector, (ii) mechanisms and guidelines for involving the community, (iii) guidelines for adopting tendering systems for public open space management, (iv) guidelines regarding acceptable events and interpretation of relevant ordinances	HC (LCSD, PlanD, HBF, FEHD)	HC (LCSD, PlanD, HBF, FEHD)	DevB (LCSD, PlanD, HBF, FEHD)	Lack of tools for creating vibrant public open space including management by private and community sectors and greater permitted uses and activities
	2010	With assistance from the Planning Standards Subcommittee, develop new Chapter of the Hong Kong Planning Standards and Guidelines for the Harbour	HC (PSSC)	HC (PSSC)	DevB	Existing references to the harbour-front in HKPSG Chapter 11 insufficient to deliver appropriate land-use planning
	2010	Support the PSSC to amend the Hong Kong Planning Standards Guidelines Chapter on recreation and open space planning	PSSC (HC)	PSSC (HC)	DevB	Inaccessible, inactive open space and insufficient guidelines
Implementing the Guides and Manuals	2011-12	Implement pilot projects using the new Project Implementation Guide (see above)	HC (LandsD)	HC (LandsD)	DevB	Lack of precedents and experience to show what could be achieved
	2011-12	Implement pilot projects using the new Area Management Guide (see above)	HC (LCSD et al)	HC (LCSD et al)	DevB et al	Lack of precedents and experience to show what could be achieved
	2011-12	Vet all harbour related development prior to funding approval to ensure compliance with new HKPSG Harbour Chapter and new Project Cycle Manual	HC	HC	DevB	Stop inappropriate plan-making and implementation on the harbour
	2011-12	Capacity building and training for civil servants working with the new Project Cycle Manual	EU	EU	EU	Lack of skills and experience in Project Cycle in Government
Adding Detail to the Strategic Plan	2011-12	Conduct feasibility studies resulting from Strategic Plan	HC (Others)	HC (Others)	DevB	Identified projects and programmes require supplementary technical work before seeking funding from LegCo
	2011-12	Amend statutory plans to reflect Strategic Plan	HC (PlanD)	HC (PlanD)	PlanD	Outdated statutory plans need amendments
Supporting Reforms	2011-12	Review and reform buildings ordinance	DevB	DevB	DevB	Inappropriate design
	2011-12	Review and reform procedures of TPB	DevB	DevB	DevB	Lack of independence
Establish the Harbour Agency	2013-14	Harness support for HA, prepare for ordinance and funding application to LegCo	HC	HC	DevB	2009 too early for HA, 2nd step
	2013-14	Adopt new tools, as well as relevant powers to implement the Strategic Plan, amend statutory plans for approval by TPB, fund projects and programmes, partner / task others etc	HA (Others)	HA (Others)	Public / Private	Not possible to implement strategic plan without necessary authority, tools and mechanisms

Key DR: Develop Recommendations I: Implementation F: Funding Source: GHK Study Team



7 CONCLUSION – THE BUSINESS CASE

7.1 Summary

The analysis demonstrates that the harbour is currently not fit for purpose and is failing to meet the needs and aspirations of Hong Kong people in terms of:

- Economic benefits through supporting tourism and local visitor activity providing business opportunities, investment, jobs and income, particularly through the catering and hospitality and retail, leisure and recreation industries
- Economic benefits through creation of new maritime industry activity, particularly in leisure maritime and water-based recreation
- Economic benefits through contributing to quality of life aspects of competitiveness, helping to establish Hong Kong as an attractive place to live, visit, work and play and as such attract and retain the talent that is critical to our pillar industries
- Social and community benefits through providing a range of places and activities around the harbour including destinations and attractions alive with people, and areas of peace and natural environment as an escape from high density living
- Social and community aspirations in terms of changing social preferences towards environmental matters and concerns over the Administration's stewardship of the urban environment
- Inefficiencies, wasted resources and failure to demonstrate value of public investments which are evident through examination of the underlying causes

7.2 The Business Analogy

Just as a business with struggling performance needs to examine its fundamentals, review assets and look forward, so this Study has examined the underlying causes, considered the strengths of the harbour as Hong Kong's defining asset and set a Vision and Priorities. A business streamlines processes and develops a corporate plan to make the most of comparative advantages. This Study has proposed a new integrated approach and developed a Delivery Plan to maximise the comparative advantage of the harbour. The outcome is value for money, improved competitiveness, jobs, prosperity and community value.

7.3 The Business Case

Victoria Harbour is a physical symptom of underlying challenges of governance, planning and delivery systems in Hong Kong that result in inefficiency, poor investment decisions and a missed opportunity in making the best use of Hong Kong's defining natural asset. Improving the harbour needs a new approach. HBF has set out its Vision and Priorities and asks the Government to commit to a Delivery Plan that will realise the Vision.

To realise a world class harbour for Hong Kong is not just about enhancement or beautification, but about improving efficiency, creating value and making the most of our comparative advantage; and that makes good business sense.

The Business Analogy		
	Business	Harbour
Performance	<ul style="list-style-type: none"> • Struggling 	<ul style="list-style-type: none"> • Not fit for Purpose
Strategy	<ul style="list-style-type: none"> • Examine Fundamentals • Look Forward • Review Assets • Streamline Processes • Corporate Plan • Comparative Advantage 	<ul style="list-style-type: none"> • Underlying Causes • Vision & Priorities • Defining Asset • Delivery Plan • Harbour Strategic Plan • Invest in Harbour
Outcome	<ul style="list-style-type: none"> • Investment Return • Break Even • Profit & Growth 	<ul style="list-style-type: none"> • Value for Money • Retain Competitiveness • Jobs, Prosperity, Growth, Income & Community Value

Source: GHK Study Team

Glossary of Terms and Abbreviations

AA	Airport Authority	HC	Harbour Committee	PHO	Protection of the Harbour Ordinance
ADSCOM	Airport Development Steering Committee	HEC	Harbour-front Enhancement Committee	PlanD	Planning Department
AmCham	American Chamber of Commerce in Hong Kong	HK2030	Hong Kong 2030 Planning Vision and Strategy	PPP	Public Private Partnership
ArchSD	Architectural Services Department	HKPSG	Hong Kong Planning Standards and Guidelines	PSI	Private Sector Involvement
BRA	Boston Redevelopment Authority	HKPSG	Hong Kong Planning Standards and Guidelines	PSSC	Planning Standards Subcommittee
BritCham	British Chamber of Commerce in Hong Kong	HKSAR	Hong Kong Special Administrative Region	PTI	Public Transport Interchange
BuildingsD	Buildings Department	HKTB	Hong Kong Tourism Board	TC	Tourism Commission
CDA	Comprehensive Development Area	HOUSCOM	Steering Committee on Land Supply for Housing	TD	Transport Department
CEDD	Civil Engineering and Development Department	LandsD	Lands Department	TFEC	Task Force on Economic Challenges
CWRF	Capital Works Reserve Fund	LCSD	Leisure and Cultural Services Department	TPB	Town Planning Board
DevB	Development Bureau	LegCo	Legislative Council	TST	Tsim Sha Tsui
EU	Efficiency Unit	NGO	Non-Governmental Organisation	UNESCO	United Nations Educational, Scientific and Cultural Organization
FEHD	Food and Environmental Hygiene Department	NPV	Net Present Value	URA	Urban Renewal Authority
GDP	Gross Domestic Product	O	Open Space	WPI	Worcester Polytechnic Institute, USA
G/IC	Government, Institution or Community	O & M	Operation and Maintenance	WKCD	West Kowloon Cultural District
GRA	General Revenue Account	OECD	Organization for Economic Co-operation and Development	WKCDA	West Kowloon Cultural District Authority
HA	Harbour Agency	OZP	Outline Zoning Plan		
ha	Hectare	PCWA	Public Cargo Working Areas		
HBF	Harbour Business Forum				



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Organisations / Persons Met

HBF wishes to thank the following persons and organisations. All these organisations were consulted as part of this Study, either through face to face interviews or as attendees at the joint HBF-Government workshops and presentations.

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American Chamber of Commerce in Hong Kong

AsiaNet Consultants (HK) Ltd.

Australian Chamber of Commerce in Hong Kong

Boyden

British Chamber of Commerce in Hong Kong

Business Environment Council

DBS Bank

Deloitte Touche Tohmatsu

Designing Hong Kong

DTZ Debenham Tie Leung

Eban International Ltd.

Executive Counsel Ltd.

Harbour Business Forum

Harbour-front Enhancement Committee

Henderson Land Development

HKSAR Government, Agriculture, Fisheries and Conservation Department

HKSAR Government, Architectural Services Department

HKSAR Government, Civil Engineering and Development Department

HKSAR Government, Development Bureau

HKSAR Government: Efficiency Unit

HKSAR Government, Food and Health Bureau

HKSAR Government, Highways Department

HKSAR Government, Home Affairs Bureau

HKSAR Government, Lands Department

HKSAR Government, Leisure and Cultural Services Department

HKSAR Government, Marine Department

HKSAR Government, Planning Department

HKSAR Government, Transport and Housing Bureau

Hong Kong and Shanghai Bank Corporation Ltd.

Hong Kong Ferry (Holding) Ltd.

Hong Kong Institute of Human Resource Management

HUD Group

Jardine Matheson Ltd.

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KC Surveyors Ltd.

Lai Sun Group

Lee Yuet & Associates

Mr. Alex Lui

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Michael Page International

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SRT (S&P) Architects Ltd.

Strategic Access Ltd.

Submedia Advertising Ltd.

Swire Group

Swire Property Ltd.

The Wharf (Holding) Ltd.

Tom Ip & Partners Architects Engineers & Development Consultants Ltd

Urban Design & Planning Consultants Ltd.

West Kowloon Cultural District Authority

Acknowledgements

The GHK Study Team wishes to thank the Client Working Group for their invaluable guidance and support throughout the Study: Mrs Margaret Brooke (Chair), Mr Ian Brownlee, Dr Sujata Govada, Dr Andrew Thomson and Mr Paul Zimmerman.

The Study Team was led by Ms Fiona Waters, Director of GHK (Hong Kong) Ltd and supported by: Mr Colin Arnott, Mr Tom Callahan, Ms Kim Tsang, Mr Roy Chan and Mr Kevin Leung from GHK; Ms Keren Seddon, Ms Cindy Tsang, Mr Alvin Lee and Ms Lucille Leung from Townland Consultants Ltd; Dr Peter Cookson-Smith from Urbis Limited; and Mr Roger Nissim, independent land and planning consultant.

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