

PRESS RELEASE

Privately Managed Waterfronts Require Major Management Improvements and Closer Collaboration with the Public, Think Tank Urges

Hong Kong, 18 November 2021 –The HKSAR Government needs a better and more inclusive framework for development and management of the harbourfront, according to a new report published today.

To achieve this, the Government should work closely with the public and private sector to develop high quality waterfront open spaces for all to enjoy, according to Carine Lai, the Civic Exchange report's lead author.

With the recent sale of Central's Site 3 to Henderson Land, a massive commercial development which will include at least 25,000 square metres of public open space, the private sector will play a major role in managing this and other waterfront public spaces in the years to come. It is therefore critical to make sure that future privately managed waterfront spaces are managed to a high standard for the benefit of the community.

"Under the right circumstances, the private sector can develop high-quality waterfront spaces, with more scope for creativity and flexibility than the government," Lai said. "However, the Government must update its current guidelines and practices to ensure this is the case."

In his 2019 budget, Financial Secretary Paul Chan set aside HK\$6 billion in funding to improve facilities in the harbour area and said the government would pursue more public-private partnerships (PPPs) in harbourfront enhancement. This was reaffirmed in this year's policy address, in which Chief Executive Carrie Lam committed to improving connectivity and increasing public space through collaborative management.

The report, *'Private Development and Management of Public Open Spaces on the Victoria Harbour Waterfront'* reviews the existing mechanisms for private involvement in harbourfront management.

"It is clear that the government should consult the public early on to make sure that projects are in line with community aspirations," Lai said. "In that way, we can all enjoy a better-managed, higher quality, and inclusive waterfront in Hong Kong."

The report recommends improvements to guidelines and practices for the two major types of privately managed waterfront space. The first is Public Open Spaces in Private Developments (POSPDs), where developers build and maintain public spaces within a private development as part of a government requirement. The second, involving PPPs, is free-standing facilities contracted to private operators (either for-profit or non-profit) over a certain period.

Examples of the former include stretches of the Hung Hom Waterfront adjacent to Whampoa Gardens. Examples of the latter include the Avenue of Stars and the Central Harbourfront Event Space.

The challenges with POSPDs and PPPs arrangements

While the Government believes that the private sector can deliver high quality waterfront public spaces, the existing framework for their long-term management is inadequate, the report says.

In POSPDs, land lease conditions are not detailed or flexible enough to ensure good management practices and have limited enforcement power. Furthermore, design guidelines for POSPDs are not tailored for waterfronts and discourage vibrant activities such as outdoor dining.

PPPs, meanwhile, have the potential to bring private investment and expertise to waterfront recreational facilities, but challenges arise when there is a conflict between their need to be profit-making or self-financing, and be inclusive.

Using PPPs for public recreational facilities is a relatively new phenomenon in Hong Kong, so guidelines and practices for ensuring that they are managed to serve the public interest are not yet fully developed.

Improving the management framework for higher accountability

In general, the report argues, operational contracts need to have clear deliverables, performance metrics and a regular evaluation process.

- To enable better accountability and flexibility for POSPDs with more complex operational requirements, the Government should draw up separate operational contracts. Regular review mechanisms should be built into such contracts to ensure that standards are maintained over time.
- Long-term PPP contracts should be structured with financial incentives aligned with performance goals and social objectives. Subsidies should be tied to performance, and profit-sharing arrangements could lead to bonuses for meeting certain targets.

More institutional support and closer collaboration with the community are key

The report says that while the Harbour Office has the policy support for interdepartmental coordination, it needs to facilitate better outcomes. For flagship developments, for example, the Government should organize design competitions to select developers rather than simply selling the land to the highest bidder. The HKSAR might also help facilitate food and beverage licenses for PPP operators.

Additionally, when developing privately managed waterfronts, there needs to be greater effort to consult the community to avoid unexpected opposition.

With completion of the 25-kilometers promenade, Victoria Harbour becomes prime public space. Civic Exchange urges the Government to facilitate better management arrangements to provide higher quality and inclusive waterfront open spaces that all can enjoy.

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Full Report and Press Materials are available at

