

**Public Works Subcommittee
Meeting on 28 October 2015**

**19QW – Revitalisation Scheme – Revitalisation of
the Former Fanling Magistracy into
the Hong Kong Federation of Youth Groups (HKFYG)
Institute for Leadership Development**

**List of issues requiring follow-up actions
to be taken by the Administration**

- (A) Information on how the programmes and activities of the proposed project would render the revitalised Former Fanling Magistracy not under-utilised like the Youth Square in Chai Wan, and how the proposed project will serve the youth groups as intended**

The revitalisation of the Former Fanling Magistracy (“FFM”) into the Hong Kong Federation of Youth Groups (“HKFYG”) Institute for Leadership Development (“ILD”) is a project under Batch III of the “Revitalising Historic Buildings Through Partnership Scheme” (the “Revitalisation Scheme”).

2. In October 2011, the Government invited non-profit-making organisations (“NPOs”) with charitable status under section 88 of the Inland Revenue Ordinance (Cap. 112) to apply for adaptive re-use of selected government-owned historic buildings in the form of social enterprise under the Revitalisation Scheme. The selection of NPO for each project followed a vigorous and competitive process and was carried out upon the advice of the Advisory Committee on Revitalisation of Historic Buildings which comprises experts from various fields. The assessment criteria include (a) reflection of historical value and significance; (b) technical aspects; (c) social value and social enterprise operation; (d) financial viability; and (e) management capability and

other considerations. The selected NPO is required to set up a special-purpose company (in this case, the HKFYG Institute for Leadership Development Limited (“ILD Limited”)) which also possesses charitable status under section 88 of the Inland Revenue Ordinance for the sole purpose of implementing the project with a view to facilitating financial monitoring by the Government.

3. In addition to contributing to heritage conservation by bringing new life to the historic building, the ILD will provide leadership training opportunities for the youths. The ILD will offer a professional leadership curriculum, providing innovative and effective leadership training for students of various ages, interests and training needs. The University of Hong Kong has agreed to support the leadership trainings with its extensive network of renowned teaching staff, experienced faculty members and outstanding alumni and students. We note that the HKFYG leadership training courses are in good demand and about 200 out of some 220 secondary schools in the New Territories have participated in such courses. In fact, HKFYG has declined some 6 300 applications over the past three years due to limitation of resources and the establishment of the ILD would cater for such need.

4. The revitalised FFM will be open to the public free of charge from Monday to Saturday while the garden and open space will be open seven days a week. Appointments can be made with the ILD for visits at other times. Guided tours can also be arranged by advance booking. Further, the ILD will set up guided tours using its own funding to explore the rich cultural resources scattered around the North District, and promote local tradition and culture with personal stories from local residents.

5. To ensure the ILD will not be under-utilised and serve the youth groups as intended, similar to other projects under the Revitalisation Scheme, the Government will sign a tenancy agreement with the ILD Limited in which the terms and conditions for the operation of the social enterprise will be specified. Performance indicators for the business and service to be provided by the ILD Limited will be set out. The Government will conduct regular inspections of the site and see if these indicators are met. In addition, the ILD Limited is required to

submit regular progress reports covering visitor numbers, arrangement of free guided tours, etc., as well as annual reports including the annual audited financial statements to the Government for review of its operation. Such information will be reported to the Advisory Committee on Revitalisation of Historic Buildings.

6. In the event that the ILD Limited does not operate to the satisfaction of the Government and not comply with the terms and conditions laid down in the tenancy agreement, the Government will ask the ILD Limited to rectify the situation. In case that the ILD Limited fails to accede to the request, the Government will consider enforcement action in accordance with the terms of the tenancy agreement, which does not preclude repossession of the site.

7. As can be seen above, the adaptive re-use of a government-owned historic building with the selected NPO providing service or operating business in the form of a social enterprise under the Revitalisation Scheme is different from the mode of operation of the Youth Square in Chai Wan, which is under a management and operation services contract awarded through open tender procedure and only provides venues and facilities for the rental and use for youth development activities.

(B) Information on the tenancy agreement between the Administration and the HKFYG Institute for Leadership Development Limited for the operation of the revitalisation project

8. A summary of the key terms and conditions set out in the tenancy agreement to be signed between the Government and the ILD Limited is attached at **Annex**.

(C) Information on the forecast usage/patronage rate of the facilities/services of the HKFYG Institute for Leadership Development

9. The ILD has undertaken to provide 285, 315 and 345 leadership training courses each year in the first three years of operation. The estimated number of students is 10 000, 11 000 and 12 000 respectively. The projection is based on the NPO's operation track record and market demand.

10. The Institute will provide 90 bed spaces for those attending the training courses and programmes. The projected occupancy headcounts will be 19 000, 20 000 and 22 000 in the first three years respectively.

11. The ILD will provide ten facilities (including three meeting rooms, five lecture rooms, one mock Legislative Council Chamber, and one former court room) for training use and public rental. The projected number of headcounts for the first three years is 21 000, 23 000 and 27 000 respectively.

12. It is expected that there will be on average 87 500 headcounts of visitors/users per year for the first three years.

**Development Bureau
November 2015**

**Summary of Key Terms and Conditions of the Tenancy Agreement
of the Revitalised Former Fanling Magistracy**

1. Landlord	HKSAR Government
2. Tenant	The HKFYG Institute for Leadership Development Limited
3. Address	302, Jockey Club Road, Fanling, New Territories
4. Ownership	The land ownership for the site will remain a public property and is held as a government-owned site.
5. Rent	\$1 per annum
6. Term	3 years from date of commencement of operation (date to be confirmed) plus option to renew for a further term of 3 years; and a revitalisation period prior to commencement of operation from signing of Tenancy Agreement.
7. Use of the premises	For professional and systematic leadership education, focusing on the early identification of youth leaders and their progressive training.
8. Repair and maintenance	Tenant will be responsible for the repair and maintenance of the premises, save Landlord will be responsible for repair and maintenance of the structure of the heritage building.
9. Rates	Tenant shall pay rates and other outgoings.
10. Termination	In the event of material breach by Tenant or failure to rectify, with or without reasonable written notice given by Landlord (as the case may be), the Tenancy Agreement could be terminated. Examples of material breach include failure to obtain or maintain the necessary approvals/permits/licences for operation of the project; transfer, disposal or change of ownership of memberships of the special-purpose company, or any change to the constitution of the board of directors, or any change to the control of the

	<p>special-purpose company without the consent of Landlord; immoral uses; winding up of the special-purpose company; cancelation of the section 88 charitable status; and wilful suspension of operation. For the avoidance of doubt, the Tenancy Agreement shall be forthwith terminated if Tenant has at any time provided materially misleading, false, inaccurate or incomplete information in, among other things, any reports, proposals and/or in any other documents and/or communications.</p>
11. Business operation	<p><u>Training Centre</u></p> <ul style="list-style-type: none"> - Short courses; - certificate courses (professional aspects of leader); - thematic schools (leadership skills); - appointed training packages (tailor-made programmes upon request); and - other programmes: such as simulation workshops at mock Legislative Council and heritage conservation courses. <p><u>Hostel</u> For residence of participants</p> <p><u>Catering Service</u> Catering service available for both students and public</p>
12. Public access	<p>Training centre: open to public free of charge from 10 am to 6 pm Monday to Friday, and 9 am to 1 pm on Saturday</p> <p>Garden and open space: open to public free of charge seven days a week (8 am to 9 pm Monday to Sunday)</p> <p>At least 20 public guided tours of the training centre every month, 4 guided tours exploring cultural</p>

	resources around the North District per year, and 2 free of charge open days every year.
13.Conservation and preservation	The Former Fanling Magistracy building will be preserved and converted into a training centre. The annex court building will be redeveloped into a hostel.
14.Compliance	Tenant has to comply with the Buildings Ordinance, Fire Services Requirements, Licensing Requirements, Building Services Requirements, Environmentally Friendly Elements, Heritage Impact Assessment Report, Conservation Guidelines and others.
15.Financial aspects	The project will be run as social enterprise. It will become self-financed through the profits earned from training programmes, hostel rental, facilities hire, selling of souvenirs and catering services. Subject to the approval of the Finance Committee, the Government will provide full capital support for the renovation works at an estimated cost of \$111.6 million.
16.Regulatory matters	Tenant will submit mid-year/yearly/final evaluation report covering various aspects in management of the project including visitor numbers, events and activities organised, guided tours, visitor satisfaction surveys, employment, repair and maintenance works, and audited financial statements.
17.Social responsibilities	The project shall provide full-time and part-time jobs and training opportunities for the youths and the under-privileged.