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Panel on Home Affairs

**Information note prepared by the Legislative Council Secretariat
for the meeting on 14 June 2016**

**Management of public open space under
the Leisure and Cultural Services Department**

1. According to the Administration, the Leisure and Cultural Services Department ("LCSD") develops and manages a wide range of leisure and cultural facilities throughout Hong Kong for the enjoyment of members of the public and for the purposes of promoting arts and sports to the community. As far as public open space is concerned, LCSD manages over 1 500 parks and playgrounds of varying sizes providing leisure and recreational facilities such as gardens, walking and jogging trails, promenades, children's playgrounds and sitting-out areas. The outdoor areas at the cultural venues managed by LCSD are also open and accessible to the public.

2. The Public Health and Municipal Services Ordinance (Cap. 132) and its subsidiary legislation provide LCSD with the statutory authority to manage public pleasure grounds and the outdoor areas at cultural venues.

3. The Panel on Home Affairs ("the Panel") has not specifically discussed the subject of "Management of public open space under LCSD" before. At the Panel meeting on 15 October 2015, some members expressed the view that the Avenue of Stars ("AoS") revitalization project¹ had aroused wide public concern as it had not undergone public consultation. They requested for discussion of the AoS revitalization plan. The Administration subsequently proposed to discuss the subject in the wider context of the management of public open space under LCSD in the second quarter of 2016.

¹ According to the Administration, the AoS revitalization plan formed part of the Tsim Sha Tsui Waterfront Revitalization Plan, which included three venues, namely Salisbury Garden, AoS and Tsim Sha Tsui East Promenade.

4. An oral question was raised by Dr Hon Kenneth LEUNG on the "Tsim Sha Tsui Waterfront Revitalization Plan" at the Council meeting of 4 November 2015. The question and the Administration's reply are in the **Appendix**.

5. The Administration will brief the Panel on the management of public open space under LCSD at the next meeting on 14 June 2016.

Council Business Division 2
Legislative Council Secretariat
7 June 2016

Appendix

Press Releases

LCQ4: Tsim Sha Tsui Waterfront Revitalisation Plan

Following is a question by the Hon Kenneth Leung and an oral reply by the Secretary for Home Affairs, Mr Lau Kong-wah, in the Legislative Council today (November 4):

Question:

It has been reported that the Leisure and Cultural Services Department (LCSD) has decided to entrust, without going through an open tender procedure, the Tsim Sha Tsui Waterfront Revitalisation Plan (the Plan) to New World Development Company Limited (NWD) for implementation under a partnership approach. Under the Plan, NWD will fully fund and carry out the revitalisation works of Salisbury Garden, Avenue of Stars (AoS) and Tsim Sha Tsui East Promenade. The Plan extends the AoS model to the waterfront of MTR Hung Hom Station, and the day-to-day operation of Tsim Sha Tsui waterfront, covering a total area of about 310,000 square feet, will be taken up by a non-profit-making organisation set up under NWD. LCSD will set up a management committee to oversee the operation and performance of the non-profit-making organisation. LCSD also intends to sign a new 20-year management contract with NWD to replace the existing contract. In this connection, will the Government inform this Council:

(1) given that the current management contract for AoS still has nine years to go before it is due to expire, of the reasons why the authorities have decided to sign a new 20-year management contract with NWD; whether the authorities have conducted a detailed assessment on the past performance of NWD in managing AoS before making such decision; if they have, of the details; if not, the reasons for that; of the composition of the management committee responsible for overseeing the aforesaid non-profit-making organisation and the legal basis for its oversight authority;

(2) since when the partnership approach has been adopted; of the purpose of and criteria for adopting such an approach, as well as the mechanism under which the decisions to adopt such an approach are to be made; the names of the projects run under the partnership approach in the past 10 years, together with the names of the partner organisations and the details of the partnership; and

(3) as an LCSD official said in August this year that as the Plan was "not for profit making" and was not a commercial project, the Introductory Guide to Public Private Partnerships, including the requirement for launching an open invitation for proposals contained therein, was not applicable to the Plan, how LCSD determines whether or not a project is "not for profit making"?

Reply:

President,

The Tsim Sha Tsui Waterfront Revitalisation Plan (the Revitalisation Plan) aims to transform the Tsim Sha Tsui waterfront area into an even more attractive and vibrant public

space for the enjoyment of local communities and visitors by beautifying and upgrading its facilities, enhancing the cultural and artistic ambience, and increasing its connectivity with surrounding areas. The scope of the project includes three venues, namely Salisbury Garden, the Avenue of Stars (AoS) and Tsim Sha Tsui East Promenade.

While the existing AoS was constructed by the New World Development Company Limited (NWD) with its own funds in 2003, the bridge structure of the AoS was built by the NWD as early as in 1982. In response to the demand of the Yau Tsim Mong District Council (YTMDC) to improve the facilities on the avenue, which have aged after years of use, the NWD has put forward to the Government the Revitalisation Plan. The company is prepared to fund the improvement works in Salisbury Garden, the AoS and Tsim Sha Tsui East Promenade, so as to provide a more energetic Tsim Sha Tsui waterfront with a rich cultural ambience for local communities and visitors. In addition, the NWD will set up a non-profit-making organisation to manage the revitalised waterfront and will bear all the management, maintenance and event costs incurred for a period of 20 years. The proposal was supported by the YTMDC, the Task Force on Harbourfront Developments in Kowloon, Tsuen Wan and Kwai Tsing (the Task Force) under the Harbourfront Commission, as well as the film and tourism sectors. The Revitalisation Plan has been openly discussed on various occasions by the YTMDC and the Task Force, and the consultation has all along followed the principles of openness, fairness and transparency. Regarding the question raised by the Hon Kenneth Leung, my reply is as follows:

(1) The Leisure and Cultural Services Department (LCSD) has entrusted the Avenue of Stars Management Ltd. of the NWD with the management, repair and maintenance of the AoS since 2004. The AoS, owned and managed by the LCSD, is governed by the relevant venue regulations under the Public Health and Municipal Services Ordinance (Cap 132). The LCSD has been closely engaged in the supervision and set up a Management Committee in 2004 to oversee the performance of the NWD concerning the day-to-day management and operation of the AoS. Chaired by an officer of the LCSD, the committee comprises representatives from government departments and organisations including the Architectural Services Department, the Home Affairs Department, the Hong Kong Film Awards Association, the Tourism Commission and the Hong Kong Tourism Board. Regular site inspections are conducted by LCSD staff on the AoS to ensure the facilities are in good condition and under effective management. The company has all along carried out the day-to-day management, repair and maintenance work properly. In addition, the music, dancing and exhibition activities organised by the company on a regular basis have achieved satisfactory results, providing a vibrant promenade for the enjoyment of the public and tourists. As mentioned above, the NWD has actively responded to the YTMDC's demand for improvements to the AoS by proposing the Revitalisation Plan. The NWD, with a wealth of experience in the construction and management of facilities, has undertaken to adopt a creative and flexible management approach in developing a more vibrant waterfront. The Government considers that the Revitalisation Plan will expedite the enhancement of the cultural facilities and the public open space and will improve the connectivity between the Hung Hom waterfront and the cluster of cultural facilities in Tsim Sha Tsui. Given that the construction costs will not be borne by public funds, the future operation will be taken up by a non-profit-making organisation on a non-profit-making basis, and the Revitalisation Plan has the support of the YTMDC and the

Harbourfront Commission, the Government considers the proposal is in the public interest and acceptable. The land covered by the Revitalisation Plan, after its completion, will continue to be wholly owned by the LCS D and managed in accordance with the relevant regulations on venue management under the Public Health and Municipal Services Ordinance. The LCS D will set up a management committee, to be chaired by a directorate officer from the LCS D and comprising representatives from related government departments, to oversee the operation and performance of the non-profit-making organisation. An advisory committee will also be formed by inviting experts, district and community personalities to advise on the management issues and enhance public participation.

(2) Since its establishment in 2000, the LCS D has entrusted the daily operation of suitable leisure facilities to various non-governmental or private organisations under a partnership approach for a nominal consideration. In general, non-profit-making or private organisations take the initiative to put forward proposals to the LCS D for funding the construction or refurbishment of the venues concerned and for assuming the day-to-day management responsibility of the venues, including cleaning, security, maintenance and catering services. To ensure openness and fairness and that the proposals are in compliance with the Government's financial discipline and in line with public interest, the LCS D will carefully consider these co-operation proposals in consultation with the relevant government department(s)/bureau(x) and seek the views of the District Councils concerned. Currently, besides the AoS, projects run under such partnership approach include the Nan Lian Garden and Harbour Road Garden. The management of the Nan Lian Garden, designed and built under the supervision of the Chi Lin Nunnery, was entrusted by the Government to the Nunnery upon its completion. As to Harbour Road Garden, its refurbishment and management are funded by China Resources Group. These facilities are open for public use free of charge and the LCS D pays only a nominal consideration for entrusting the management. The revitalised leisure facilities continue to be regulated by the Public Health and Municipal Services Ordinance with their ownership and management rights vested in the LCS D.

(3) The Revitalisation Plan covers a total area of about 38,000 square metres with a proposed gross floor area of about 8,700 square metres, most of which, about 76 per cent, are back-of-house facilities such as plant rooms, transformer rooms, staircases, covered access and toilets. The commercial facilities (including food and beverage and retail service operations) only cover a floor area of about 900 square metres which accounts for about 2.4 per cent of the total land area and 10.4 per cent of the total gross floor area. Compared to the same types of facilities now available on the site, the additional commercial floor area for food and beverage and retail service operations to be provided will only be some 200 square metres. As the Revitalisation Plan will not be taken forward as a commercial project, the LCS D will entrust its day-to-day operation to a non-profit-making organisation set up under the NWD. The revenues generated from the operation will be used for the management and maintenance of the waterfront facilities. At the expiry of the management contract, the non-profit-making organisation is required to return the full amount of surplus, if any, to the Government. In case of a deficit, it will be borne by the organisation. More importantly, the Tsim Sha Tsui waterfront, upon completion of the Revitalisation Plan, will continue to be owned and managed by the LCS D in accordance with

relevant regulations on venue management under the Public Health and Municipal Services Ordinance and all the facilities will be open for free use by the public. The Revitalisation Plan is not a property or commercial project and will be operated on a non-profit-making basis.

The Introductory Guide to Public Private Partnerships issued by the Efficiency Unit states that the public-private partnership model is applicable to projects with a suitable business case. They are financially viable investments such as constructing and operating tunnels and highways, which offer the private sector opportunities to achieve reasonable investment returns. However, the Revitalisation Plan is not a commercial project given the fact that the participating party stand no chance of yielding a reasonable investment return (under the agreement that all surpluses are to be handed to the Government whereas deficits are to be borne by the organisation). Therefore, the public-private partnership model suggested by the Guide is not applicable to the Revitalisation Plan.

Thank you, President.

Ends/Wednesday, November 4, 2015

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