

ITEM FOR FINANCE COMMITTEE

HEAD 118 - PLANNING DEPARTMENT

Subhead 700 General other non-recurrent

New item "Hong Kong 2030 : Planning Vision and Strategy"

Members are invited to approve the creation of a new commitment of \$15 million for engaging consultants to prepare an up-to-date Territorial Development Strategy entitled "Hong Kong 2030 : Planning Vision and Strategy".

PROBLEM

The current Territorial Development Strategy (TDS) for formulating our planning strategies and related policies was completed in 1996 and is now outdated. We need to review the TDS to enable us to respond adequately and in good time to future demands for housing, employment, recreation and other facilities.

PROPOSAL

2. The Director of Planning, with the support of the Secretary for Planning and Lands, proposes to engage consultants to prepare an up-to-date TDS entitled "Hong Kong 2030 : Planning Vision and Strategy" (Strategy 2030).

JUSTIFICATION

3. Since the completion of the last review of the TDS in 1996, a number of the fundamental assumptions underlying the review have become outdated and some new factors which have strategic planning implications have emerged. The major changes include -

New Policy Initiatives

- (a) the Chief Executive promulgated in his 1998 Policy Address the vision for Hong Kong to become, not only a major city in China, but also the most cosmopolitan city in Asia, enjoying a status similar to that of New York and London. The Commission on Strategic Development (CSD) published a document in February 2000 which presents an overview of the key areas that will impact on Hong Kong's long term aspiration and an outline of initiatives that would need to be pursued if Hong Kong is to achieve its long term vision;
- (b) the Government has committed to facilitate the early development of high-technology industries and an international theme park in Northeast Lantau;

Population

- (c) the last review assumed two population scenarios, with forecast population levels of 7.5 million and 8.1 million respectively by year 2011. The 1996 By-Census has revealed that the former forecast is on the low side; we need to review the latter in the light of recent developments;

Integration with the Mainland

- (d) re-unification with the Mainland has intensified our socio-economic integration with the Pearl River Delta (PRD) region. With the possible implementation of additional cross-boundary transport projects, it is likely that our interaction with the PRD region will intensify further;

Application of Sustainable Development Concept

- (e) it is recognised that the sustainable development concept should be adopted as a basic planning principle to strike a balance between the economic, social and environmental needs of Hong Kong and the tools for evaluating the sustainability of development options will be adopted; and

Rate and Structure of Economic Growth

- (f) as a result of the Asian financial crisis, the rate of our economic growth will need to be re-visited. The Asian financial crisis has also demonstrated the vulnerability of an economy heavily based on finance and service activities and the need to widen our economic base. China's imminent entry into the World Trade Organisation (WTO) is also a factor to be considered.

4. In order to cater for the demand arising from these changes, we need to commence a new round of TDS to provide a long-term land use, transport and environmental framework, as well as to assess Hong Kong's future development needs in a wider regional perspective and a longer planning horizon.

The proposed Strategy 2030

5. Strategy 2030 will have a planning horizon of 30 years. This tallies with the time-frame of CSD's study and also takes into account the average time required for planning and construction of major strategic infrastructure.

6. The preparation of Strategy 2030 would involve four key stages of work which include -

- (a) agenda setting, baseline review and identification of key issues (Stage One);
- (b) examination of key issues (Stage Two);
- (c) formulation and evaluation of scenarios and options (Stage Three); and
- (d) formulation of development strategies and response plans (Stage Four).

Encl. 1
Encl. 2

7. A detailed description of the key elements and scope of Strategy 2030 is at Enclosure 1. A flow chart showing the key tasks is at Enclosure 2.

Encl. 3

8. Public consultations will be launched throughout the four stages of work. We will commence the proposed study with an extensive public consultation exercise to solicit public views and suggestions on the objectives for Strategy 2030 and the key issues that should be addressed. Through the various public consultation forums and publicity through the web site, the public will be given the opportunity to provide ideas and views on the future development of Hong Kong. These ideas and views will help define the planning objectives, guide the formulation of planning strategies and provide views on the recommended options. A broad consultation strategy is at Enclosure 3.

9. Upon completion, Strategy 2030 will recommend planning measures and development options to cope with future changes. Proposals for the short and medium-term would be more specific so that they can be taken forward for detailed feasibility studies and infrastructure planning; whereas proposals for the

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long term would represent options and possibilities for which broad-brush planning assessment can be conducted. The Government will consider how to effectively take forward such proposals in a concerted and co-ordinated manner.

10. We fully recognise that formulation of a development framework across a span of 30 years is subject to many variables which may change in the course of time. To maintain flexibility, response plans will also be prepared to set out broad guidelines on how to adjust the development framework in response to changes in population levels as well as environmental and socio-economic conditions.

11. We will utilise in-house resources to undertake the preparation of Strategy 2030 in respect of the land use planning, transport planning and engineering feasibility, statistical and landscape planning aspects. Strategy 2030 will however require various specialist consultants to carry out various special sectoral studies, which are either outside the expertise available within the Government or for which the relevant government departments do not have the manpower and resources necessary to undertake the study.

12. We need the assistance of consultants including -

- (a) economists to undertake long term economic assessment of Hong Kong, in particular the recent economic changes and the implications of China's entry into the WTO; the construction of long-term scenarios on our economic relationships with southern China and design econometric modeling of land use requirements. This would enable us to assess the planning implications of these changes;
- (b) environmental specialists to undertake strategic environmental assessments of various proposed development options and evaluation of different development scenarios taking into account the sustainability principle;
- (c) transport model analysts to assist with the updating of transport evaluation framework and evaluation criteria, formulation of transport models for projections of territorial and cross-boundary transport tests and evaluation of modeling results; and
- (d) publicity and public relations specialists, including journalist writer, to formulate a public relations and consultations strategy, organise public consultation activities and prepare publicity materials, consultation documents, videos and other relevant materials for publicity purpose.

13. Subject to Members' approval, we will commence the proposed study in July 2000 for completion within 18 months, excluding the time required for public consultation.

FINANCIAL IMPLICATIONS

14. We estimate the cost of engaging consultants to carry out the study to be \$15 million, made up as follows -

	\$ million
(a) Consultants' staff costs -	6.89
(i) economic assessment	2.56
(ii) environmental assessment	1.81
(iii) transport model testing	0.45
(iv) publicity and public relation works	2.07
(b) Associated expenses	6.76
(i) production and translation of reports/ papers and publicity materials	4.68
• translation of consultation digest and consultation reports	0.31
• printing of the above documents	4.22
• production of publicity materials	0.15
(ii) production of videos	0.60
(iii) organisation of public consultation activities	0.88
• public forums	0.24
• exhibition	0.64
(iv) acquisition of information and liaison and exchange of information with Mainland authorities	0.50
(v) purchase of computer software for transport model	0.10
(c) Contingencies (10% of (a) and (b) above)	<u>1.37</u>
Total	15.02
Say	<u>\$15 million</u>
	/15.

Encl. 4 15. A detailed breakdown of the consultants' fees is at Enclosure 4. We will engage the consultants on time-charges term and/or lump sum fixed price basis.

16. On paragraph 14(b)(i) to (iii) above, the expenditure is mainly for the printing of reports and production of videos to explain the findings, as well as for the organisation of extensive programmes of public consultation including the preparation and production of the related publicity, consultation documents and exhibition materials.

17. Regarding paragraph 14(b)(iv), the expenditure is mainly for acquisition of digital information regarding the latest development in South China and visits to the Mainland for the purpose of exchanging information with the Mainland authorities.

18. Regarding paragraph 14(b)(v), the expenditure is mainly for the purchase of computer software for transport model to facilitate the cross-boundary transport testing.

19. Subject to Members' approval, we plan to phase the expenditure as follows -

Year	\$ million
2000-01	6
2001-02	8
2002-03	1
Total	<hr style="width: 50px; margin: 0 auto;"/> 15 <hr style="width: 50px; margin: 0 auto;"/>

20. The proposed study has only insignificant recurrent financial implications which can be absorbed from within the existing provision of Planning Department.

21. Subject to Members' approval, we shall offset any supplementary provision required in 2000-01 by deleting an equivalent amount from Head 106 Miscellaneous Services Subhead 789 Additional commitments.

BACKGROUND INFORMATION

22. The first TDS was produced in 1984 to establish a broad land use-transport framework to guide the physical development of Hong Kong into the 1990s. Although it was updated twice in 1986 and 1988 to take account of changing circumstances, it was not until 1990 that a comprehensive review of the TDS was commenced. The technical work of the TDS Review was completed in late 1996 and the report was published in 1998.

23. The last TDS Review covered a time-frame of 20 years which effectively became 15 when the review was completed in 1996. Such a time-frame is considered too short and inflexible having regard to the long lead time required to plan and implement strategic planning proposals. Having considered the time-frame required to plan and implement strategic development and related infrastructure proposals and balanced against such factors as availability and reliability of data, we propose to adopt a 30-year planning horizon (up to year 2030) for the new strategy. A longer time-frame than this could reduce the reliability, practicability and usefulness of the planning strategy.

24. In February 2000, the CSD published a document which provides an overview of the key issues that will impact on Hong Kong's long term aspiration and an outline of initiatives that need to be pursued for realising Hong Kong's long term development objectives. The planning dimensions under the four strategic themes, namely strengthening links with Mainland, enhancing Hong Kong's competitiveness, improving quality of life and reinforcing identity and image, will be considered in Strategy 2030.

25. We briefed the Legislative Council Planning, Lands and Works Panel on Strategy 2030 on 18 May 2000. Members supported the proposal.

Planning and Lands Bureau
May 2000

Key Elements and Scope of Strategy 2030

Key Elements

- (a) A Longer Planning Horizon: Having considered the time required to plan and implement strategic development and related infrastructure proposals, a 30-year planning horizon (from 2000 to 2030) is proposed to be adopted for Strategy 2030. This also tallies with the time-frame of CSD's study. A longer time-frame than this could reduce the reliability, practicability and usefulness of the planning strategy.
- (b) A Shorter Review Period: The last review took more than six years to complete. The review process was regarded as unduly elaborate. It is proposed that the preparation of Strategy 2030 should be completed in 18 months, excluding the last stage of public consultation.
- (c) A More Focused Approach: In order that Strategy 2030 could be completed within a much shorter time-frame, it would need to focus on, subject to the public consultation exercise, the following key planning issues only -
- Population Forecasts and Housing Land Requirements;
 - New Development Opportunities;
 - Socio-Economic Integration with the Mainland;
 - Environmental Considerations and Conservation;
 - Potential for Tourism, Recreation, Art and Culture Development;
 - The Development of Innovative Technology and its Implications on Land Use; and
 - Requirements of Port and Other Major Infrastructure Facilities.

Many other issues, which have already been the subject of separate studies, will be consolidated to serve as inputs into Strategy 2030.

- (d) More Flexible and Responsive Strategy: Apart from postulating different scenarios and formulating corresponding development strategies, Response Plans will also be prepared to set out some broad guidelines on how to adjust the development framework in response to changes in population levels as well as environmental and socio-economic conditions. A regular monitoring and review system is also proposed to trigger 'prompt' responses to changing circumstances.

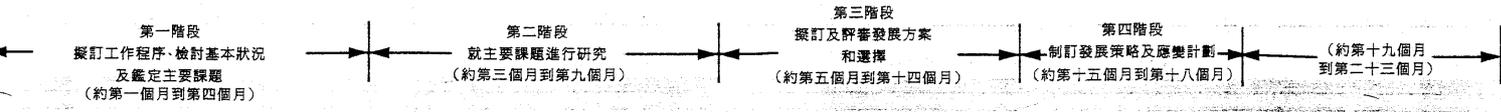
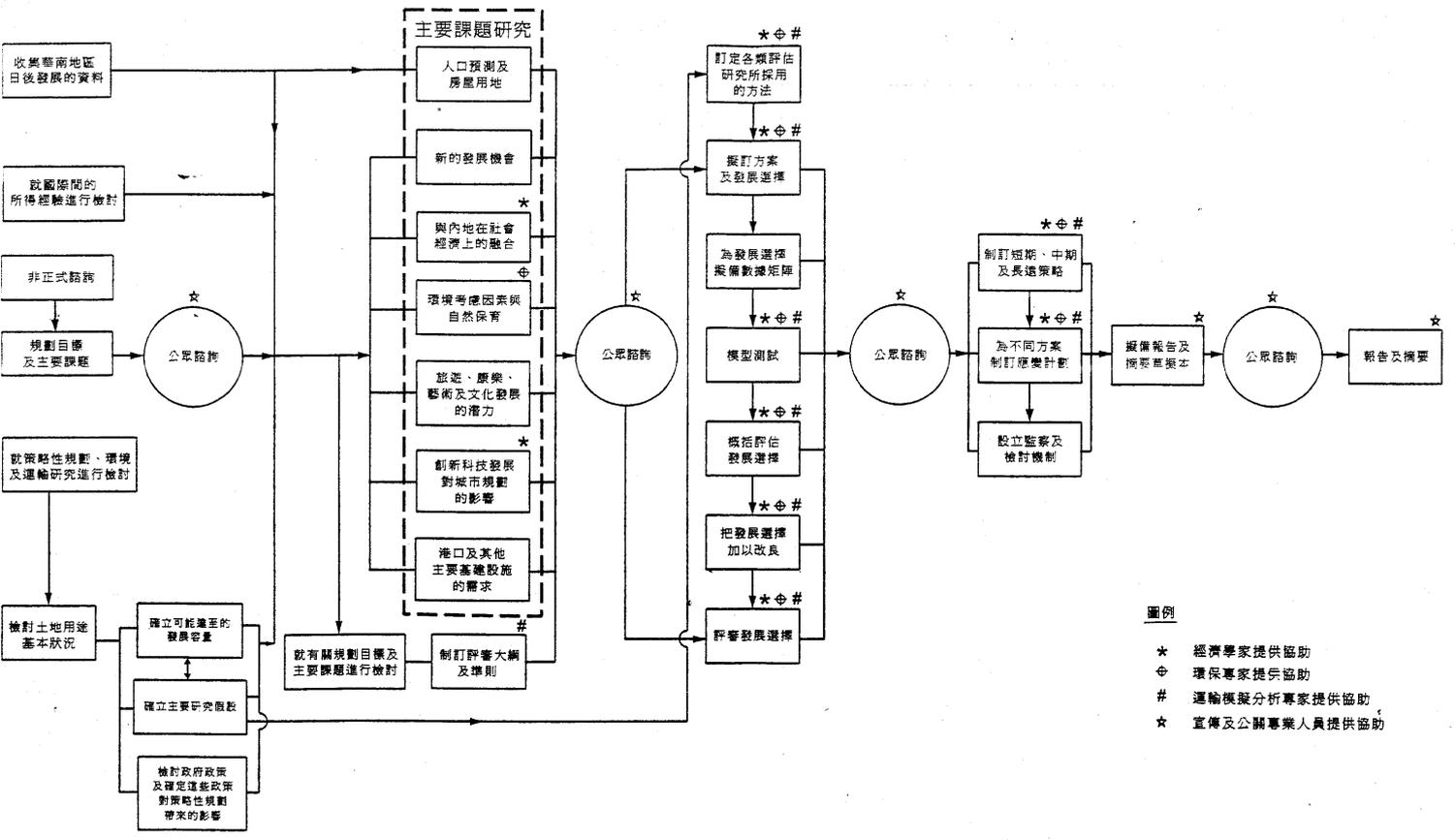
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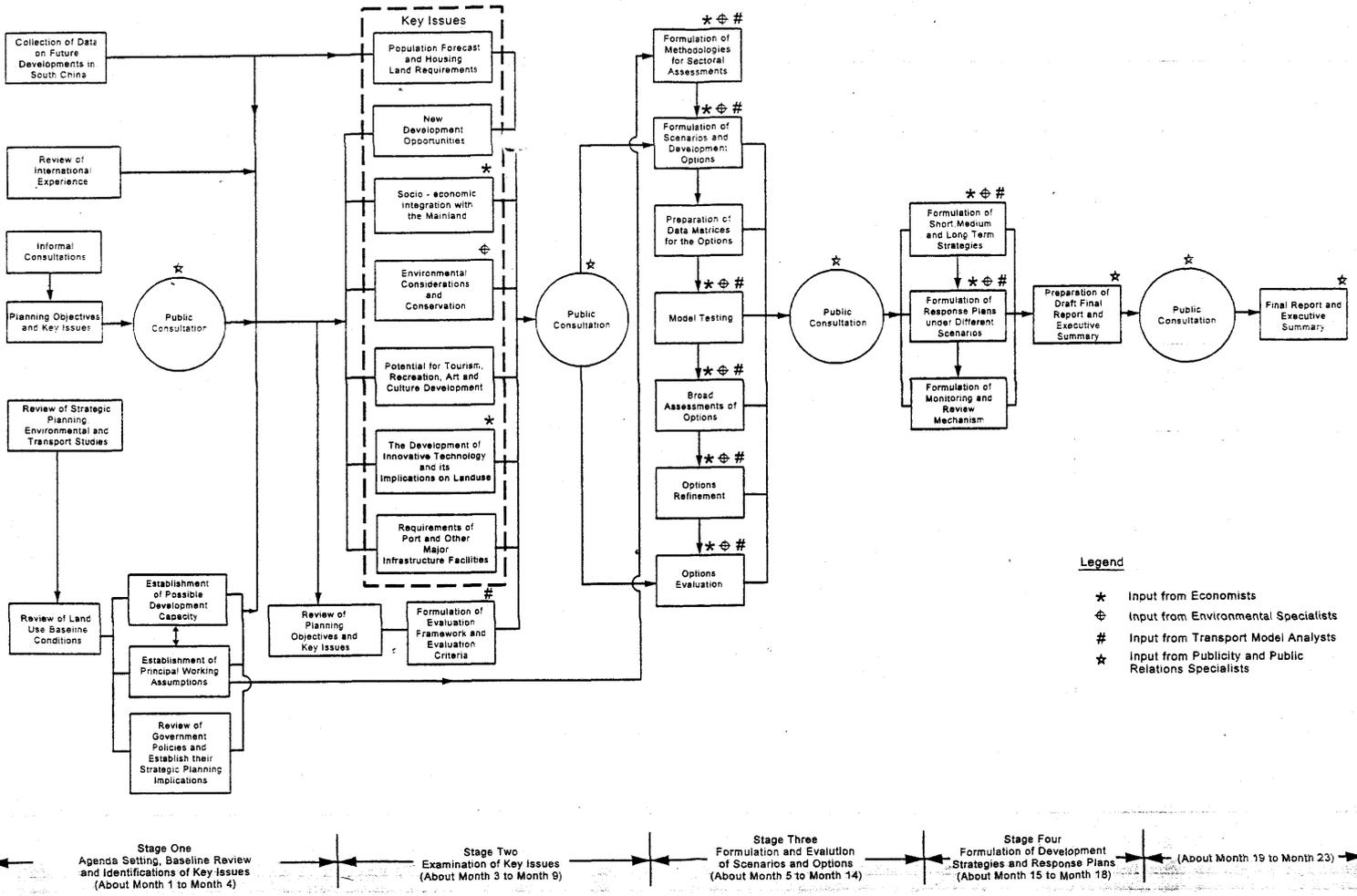
- (e) Linkages with the Mainland: Strategy 2030 will study Hong Kong in the Pearl River Delta region, particularly its socio-economic linkages with other cities in the region, in view of the rapid growth of cross-boundary interactions in the recent years. The interface between physical planning in Hong Kong and Shenzhen will also be studied in formulating our Strategy.
- (f) More Public Involvement: The process to prepare Strategy 2030 will be made more transparent to respond positively to the demand for more public consultation. It is proposed to involve the public throughout the entire process for Strategy 2030 through a multi-stage, proactive approach.

Scope

In preparing Strategy 2030, we will -

- (a) examine the physical planning measures required to translate Hong Kong's long term vision and other policy initiatives as set out in Chief Executive's 1998 and 1999 Policy Addresses, taking into account the recommended strategic framework promulgated in the CSD's document;
- (b) produce forecasts of population and housing requirements and assess land reservation requirements for other uses such as offices, general and special industries, tourism, recreation and conservation;
- (c) examine new development opportunities, focusing on the New Territories;
- (d) examine Hong Kong's future land use and infrastructural needs in a wider regional perspective, taking account of the increasing socio-economic interactions between Hong Kong and the southern part of the Mainland;
- (e) explore the scope for a more balanced distribution of job opportunities;
- (f) examine the requirements for port and other major facilities;
- (g) develop different scenarios based on the combination of a range of assumptions including the rate of population increase, economic growth, ease of cross-boundary movement and Mainland economic conditions. For each development scenario, possible development options will be formulated by incorporating environmental considerations and based on possible variations in strategic development concept, conceptual distribution of population and employment, strategic transport network, adoption of different transportation modes and distribution of special land uses etc.;
- (h) prepare a more flexible and responsive strategy to comprise more definitive proposals for the short-term, broad-brush proposals for the medium-term and options and possibilities for the longer-term; and
- (i) adopt a more vigorous and proactive public consultation strategy to involve the public throughout the entire strategy formulation process.





Public Consultation Strategy

Introduction

1. Strategy 2030 will set out proposals for Hong Kong's future development, and will touch upon many matters/issues that are of major concerns to the public. It is essential to provide adequate public consultation in the formulation of Strategy 2030. In this connection, a public consultation strategy has been prepared to outline the objectives and tentative programme for various consultation activities.

Objectives

2. The objectives of the consultation strategy are as follows -
 - (a) to solicit views, comments and suggestions and hence foster community consensus on the planning objectives, key issues to be addressed, evaluation criteria that should be adopted as well as the essential elements of the preferred development strategies and response plans;
 - (b) to instil a sense of partnership among the Government and the stakeholder groups on the preparation of Strategy 2030; and
 - (c) to raise the awareness of the general public of the preparation of Strategy 2030 and encourage public participation thereby gaining wider recognition of the strategic planning efforts of the Government.

Target Audience

3. This public consultation exercise will target at two general groups of people.

Members of the General Public

4. It is expected that their views and comments will be very general, broad and diverse. However, it is important to gauge the community's expectation and aspirations for the future development of Hong Kong.

/Stakeholder

Stakeholder Groups

5. Views, comments and suggestions to be raised by stakeholder groups will likely be more focused and substantial, reflecting their respective areas of interest. Their views will be important in identifying key issues that need to be addressed and the essential components expected of Strategy 2030. We will consult the following stakeholder groups -
 - (a) Statutory and Advisory Bodies
 - (b) Legislative Council and other Elected Bodies and Political Parties
 - (c) Business and Community Organizations
 - (d) Academic and Professional Institutions

Content of Consultation

6. We will solicit public views on the following aspects -
 - (a) Planning Objectives and Key Issues to be Examined
 - (b) Findings on the Examination of Key Issues and Evaluation Criteria
 - (c) Scenarios and Development Options and Results of Evaluation
 - (d) Development Strategies and Response Plans

Channel

Public Forums and Exhibitions

7. Public forums will provide opportunities for stakeholder groups and interested members of the public to express views and comments. We intend to arrange exhibition(s) at appropriate stage(s) of Strategy 2030.

Focus Group Discussions

8. More focused discussions with stakeholder groups will be organised to present our work and solicit their advice and suggestions, particularly on issues that may have implications on their respective fields. We will arrange focus group discussions throughout the entire process of Strategy 2030.

Presentations to Statutory and Advisory Bodies

9. We will also arrange presentations to statutory and advisory bodies to obtain their views and comments.

Web-site

10. The consultation documents and all working papers and technical reports will be uploaded to the web-site of Planning Department. We will invite written comments, either through the Internet or by post to Planning Department.

Through the Media

11. We will also promulgate our work through the media, either by way of press releases or informal/formal briefings to the press. We will collect public views and comments on our work through the press and other media.

Consultation Documents, Information Leaflets and Other Publicity Materials

12. To facilitate the consultation activities, consultation digests, information leaflets and videos will be prepared to enhance public understanding. After receiving the public comments, consultation reports highlighting our responses to the public opinion will be prepared and issued. We will seek the assistance of the publicity and public relations specialists in preparing the aforementioned consultation documents, the publicity materials (such as design of logos and posters) and conducting various public discussion forums.

Enclosure 4 to FCR(2000-01)25

Detailed Breakdown of the Study Fees

(A) Consultants' Staff Costs

Consultants' staff costs		Estimated man-months²	Average MPS salary point¹	Multiplier factor¹	Estimated fee (\$million)	
(a)	Economic Assessment					
1.	Economic analysis and forecast	Professional	6	47	2.4	1.18
2.	Econometric model and prediction	Professional	7	47	2.4	1.38
(b)	Environmental Assessment					
1.	Strategic environmental assessment and prediction analysis	Professional	10	40	2.4	1.51
		Technical	6	16	2.4	0.30
(c)	Transport Model Testing					
1.	Transport model upgrading and analysis	Professional	3	40	2.4	0.45
(d)	Publicity and Public Relation Works					
1.	Preparation of consultation strategy and publicity materials	Professional	6	47	2.4	1.18
		Technical	3	16	2.4	0.15
2.	Public consultation and related works	Professional	3	47	2.4	0.59
		Technical	3	16	2.4	0.15
Total consultants' staff costs (A)					6.89	

/(B)

	Estimated fee (\$million)
(B) Associated expenses	
(a) Production and translation of reports and publicity materials	4.68
(b) Production of videos	0.60
(c) Organization of public consultation activities	0.88
(d) Acquisition of information, liaison and exchange of information with Mainland authorities	0.50
(e) Purchase of computer software for transport model	0.10
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Total associated expenses (B)	6.76
(C) Contingencies (C)	1.37
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TOTAL (A) + (B) + (C)	15.02
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	Say \$15 million
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Notes -

- (1) A multiplier factor of 2.4 is applied to the average Master Pay Scale (MPS) point to arrive at the full staff costs including the consultants' overheads and profit. The staff will be employed in the consultants' offices. (At present, MPS Point 47 is HK\$82,105 per month, MPS Point 40 is HK\$62,780 per month and MPS Point 16 is HK\$21,010 per month.)
- (2) These are only estimates. The actual man-months and actual fees required will be known when we have selected the consultants through the usual competitive bidding system on a time-charge and/or lump sum fixed price basis.