

File Ref: EDB 22/24/18 Pt. 16

Legislative Council Brief

Central Police Station, Victoria Prison and the Former Central Magistracy – A Heritage and Tourism Concept

INTRODUCTION

At the meeting of the Executive Council on 8 April 2003, the Council ADVISED and the Chief Executive ORDERED that the project to involve the private sector to preserve, restore and develop the Central Police Station, Victoria Prison and the former Central Magistracy (the Site) for tourism related uses (the Project) should be implemented on the basis of the framework set out at paragraph 7 below.

BACKGROUND AND ARGUMENT

2. There has been increasing public demand for more to be done to preserve our heritage assets. Given budgetary and other constraints on Government, there is a strong case for a new approach to preserve and make full use of these facilities. One of the most suitable ways to do this is to engage private sector resources in projects with commercial potential. This will help inject new ideas and a new dynamism into the process to convert our heritage assets to beneficial use. This will also enable Government to focus its resources on preservation work which does not offer a potential for private sector participation.

3. An example of this approach is the tender for the site of the former Marine Police Headquarters (MPHQ) in Tsim Sha Tsui for a heritage tourism development. The successful bidder will be awarded the MPHQ site for a lease of 50 years. The bids for the development are being assessed in accordance with an approved framework. Our target is to award the tender for MPHQ in the first half of 2003.

The Site

4. The Site is a fine example of Victorian and Edwardian colonial architecture preserved in its original form and integrity. Given proper conservation and creative use, the Site has great potential to be developed into a heritage tourism attraction that would enable local residents and overseas visitors to appreciate the unique cultural heritage of Hong Kong. With its strategic location in the heart of Central, the Project can provide an effective link between existing attractions in Central, including Government House, St John's Cathedral, Lan Kwai Fong, SoHo and Hollywood Road, adding heritage to the existing entertainment and dining attractions in the area.

5. In 1995, all the buildings including the ground inside the Site were declared monuments under the Antiquities and Monuments Ordinance (Cap.53). Permission must be sought from the Antiquities Authority for any building or other works within the Site. The Antiquities Authority will seek the advice of the Antiquities Advisory Board (AAB). A site plan is attached at Annex A. The Site has three existing users – the Police, the Immigration Department (ImmD) and the Correctional Services Department (CSD).

A

Constraints on Development

6. There are a number of constraints on development of the Site that may limit the commercial development potential of the Project. These include –

- (a) ***cost of restoration and maintenance*** – The cost of restoring and maintaining the historic buildings will impose a considerable financial burden on the Project proponent. As an indication, annual maintenance of the Site cost around \$5.5 million in the last two years¹. The Architectural Services Department is now conducting a site survey on the structure of some of the historic buildings and the retaining walls. Findings from the survey may lead to a higher conversion and building costs because of the need for more substantial structural works on some of the buildings;

¹ The actual cost of conversion and building works, and the recurrent consequences in maintenance will be subject to the intended use of the buildings and the scope of works required.

- (b) ***limits on the potential floor area which may be developed for commercial purpose*** – The requirement to preserve the historic setting of the Site imposes a limit on the extent to which additional space for commercial use may be developed, including the extent of new development in the open courtyards. We estimate that the Project will allow for the development of around 20,500 m² of commercial GFA within existing buildings. The potential for any additional underground development is expected to be limited;
- (c) ***sensitivity of the neighbourhood*** - Unlike the MPHQ site, which is surrounded predominantly by commercial and other non-residential uses, certain parts of the Site are close to residential developments along Chancery Lane, Old Bailey Street and the Hollywood Road. There is a need for the future use to be compatible with the environment of the neighbourhood. Care must be taken to mitigate the noise from activities within the development on residential developments abutting the Site;
- (d) ***constraints regarding access*** – The Site is surrounded by Hollywood Road, Old Bailey Street, Chancery Lane and Arbuthnot Road with narrow carriageways and pavements, with an elevated escalator in the vicinity. The room for major enhancement to the access to the Site through existing roads or by upgrading these roads is limited. Minor enhancements through widening the pavements in the area, and a small increase in the provision of coach parking/drop-off spaces in the area may be possible; and
- (e) ***reprovisioning of existing users*** – there is a need to vacate the Site before the Project can be taken forward.

THE PROPOSAL

7. The Project would have to achieve the dual objective of preserving and restoring the Site, and developing it as a heritage tourism facility. The constraints described at paragraph 6 above impose limitations on the development potential of the Project. Accordingly, the implementation framework would need to guard against imposing non-essential requirements which would erode the financial viability of the

Project. We recommend that, in line with the model of the MPHQ Project, the Project should be implemented based on the following framework –

- (a) ***Approach to Disposal of the Site*** – The Project will be awarded in the form of a land grant through an open competitive process. The successful proponent will be granted the Site on the normal 50-year term land lease;
- (b) ***Mandatory Requirements*** – Proposals would need to meet two key requirements, namely the project proponent’s demonstrated financial capability to carry through the Project, and compliance with preservation requirements;
- (c) ***Preservation Requirements*** – The mandatory preservation requirements would be kept to the minimum required to reflect and preserve the heritage value of the site, leaving as much flexibility as possible to the future Project proponent to take forward the development concept. There will be specific requirements on the future developer to preserve a number of buildings which are considered to be of historic significance, with flexibility to preserve the facades only for some of the buildings. There will also be flexibility to remove non-historic structures;
- (d) ***Assessment of Proposals*** – Proposals received will be assessed in accordance with four main categories of criteria, namely heritage preservation; technical, environmental and traffic issues; economic and tourism benefits; and payment to Government, in the form of land premium.

In the light of the objectives of preservation and the promotion of heritage tourism, and the constraints which would limit the viability of the project, we will attach a higher weighting to the non-premium aspects of proposals than to land premium in the assessment of proposals. The two aspects will be assigned a relative weighting of 60% and 40% respectively.

Proposals will have to meet mandatory requirements on preservation and secure a minimum passing score in respect of the criterion on heritage preservation. A detailed marking scheme will be approved by the Central Tender Board (CTB) before tender. The Administration will also attach to the tender document information on the marking scheme to provide

transparency and to ensure better understanding of the objectives of the exercise;

- (e) *Assessment Panel* – An assessment panel comprising representatives of concerned bureaux and departments will be set up to assess proposals based on the marking scheme approved by the CTB. Representatives from the AAB and the Hong Kong Tourism Board (HKTB) will be invited to join the Assessment Panel as non-scoring members to advise on the heritage aspects and tourism benefits respectively of any proposals received; and
- (f) *Implementation, future operation and maintenance* – The successful proponent will be responsible for preserving, restoring, repairing and renovating the Site and the buildings, and will be responsible for the future management, operation and maintenance of the proposed development. The successful proponent will also need to complete all necessary statutory procedures as required under relevant legislation, including the Antiquities and Monuments Ordinance, the Town Planning Ordinance (Cap. 131), the Environmental Impact Assessment Ordinance (Cap. 499) and the Buildings Ordinance (Cap. 123) before beginning construction works on site.

TIMETABLE

8. To facilitate the early implementation of the Project, we have identified a number of measures to help speed up the development process. We will proceed to tender as soon as the necessary consultation and preparation of the tender document are complete without waiting for vacant possession of the Site. Since the existing users have plans to reprovision their facilities and vacate the Site in phases in 2005, the Administration will award the Project on the basis of a phased possession of the Site. Our target is to invite tender proposals in early 2004 and identify the successful proponent by the end of 2004. The Site will be handed over in phases in 2005. This will enable the successful proponent to start the necessary statutory procedures under relevant legislation before vacant possession of the whole Site at the end of 2005. On this basis, we estimate that the Project would be completed in 2009.

IMPLICATIONS OF PROPOSAL

B 9. The implications of the proposal are set out at Annex B.

PUBLIC CONSULTATION

10. We have consulted the AAB on the proposed approach to the Project and the draft preservation requirements and guidelines. The AAB supported the approach in principle, subject to minor refinements to specific terms and conditions of the draft heritage preservation guidelines.

11. The Central and Western District Council (C&W/DC) has been consulted on the Project. C&W/DC supported the general approach to private sector involvement to take forward this heritage tourism development but expressed concern about the environmental and traffic impacts of the Project and the proposed uses for the Site on the neighbourhood.

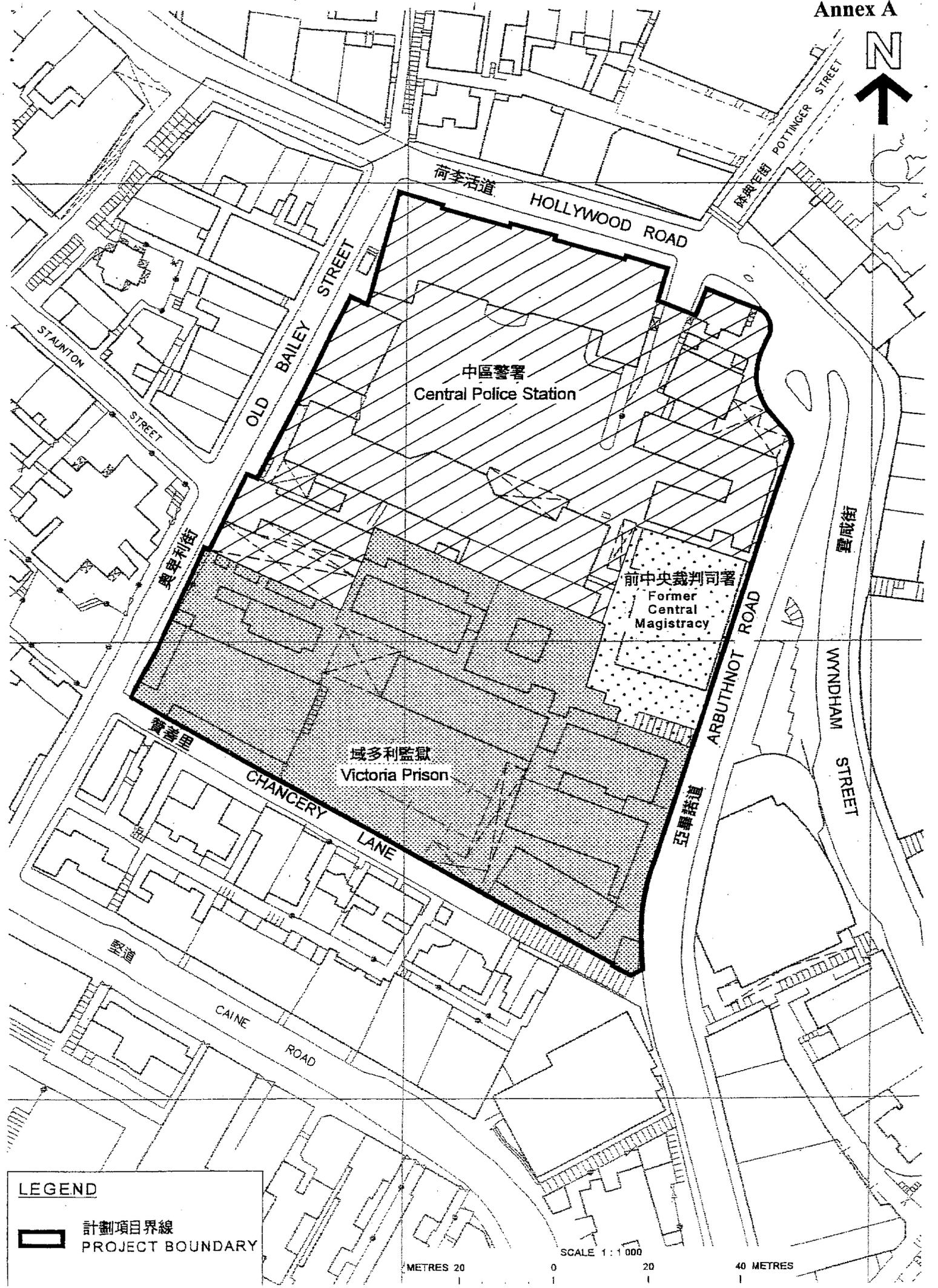
PUBLICITY

12. To publicize the exercise when the Project is tendered, the Administration will issue a Government Gazette and a press release, place advertisements in the local press, inform the Hong Kong Economic and Trade Offices overseas, consulates and trade commissions of other countries in Hong Kong and Chambers of Commerce. The Administration will also inform parties who have expressed an interest in the Project before, and launch other publicity drives nearer the time.

ENQUIRIES

13. Enquiries may be directed to Mrs Erika Hui, Assistant Commissioner for Tourism, Economic Development and Labour Bureau on 2810 3137.

**Economic Development Branch
Economic Development and Labour Bureau
24 April 2003**



中區警署
Central Police Station

前中央裁判司署
Former
Central
Magistracy

域多利監獄
Victoria Prison

LEGEND

 計劃項目界線
PROJECT BOUNDARY

SCALE 1:1 000

METRES 20 0 20 40 METRES

IMPLICATIONS OF THE PROJECT

Financial and Staffing Implications

The Project envisages private sector involvement to develop the heritage site into a tourism-themed commercial development. Government will grant the Project to the successful proponent through a 50-year land grant. It is not possible to predict the revenue (in the form of land premium) arising from this Project because of the constraints involved and the unknown use of the site.

2. The cost for annual regular maintenance (at \$5.4 million and \$5.6 million respectively for 2001/02 and 2002/03) could be saved by Government upon implementation of the Project.

3. The existing users already have plans to re-provision their facilities. The interim arrangements for re-provisioning the Police and the Victoria Prison are estimated to cost around \$10 million and \$250 million respectively. The Police have plans for two new Police buildings in the medium and long term to meet their operational needs. These two buildings are estimated to cost around \$676 million. The re-provisioning of the ImmD facilities will not incur additional costs.

4. There should not be any additional staffing implications involved in taking forward the Project. The relocation of the offices for Police, ImmD and CSD will not entail new staffing requirements. The Project will be implemented under the established land disposal mechanism so that the associated work is absorbed by existing staff.

Economic Implications

5. This Project aims to preserve a piece of heritage asset for tourism related purposes. The social and economic benefits cannot be quantified.

6. The Project is one of the initiatives to realize our strategy of broadening the range of tourist attractions on offer. Looking ahead, there is a need for Hong Kong to continue to work to develop major new tourism attractions which, in their totality, will work to strengthen our appeal as a premier destination in the region for visitors.

7. Based on assumptions/parameters provided by the Hong Kong Tourism Board, we conducted a broad brush assessment of the economic benefits which may accrue from the proposed development having regard to the induced additional tourist spending of the development. It is estimated that, based on visitor statistics in 2001 and assuming that 0.94% to 3.5% of the visitors to Hong Kong would extend their length of stay by four hours, the proposed development will induce additional tourist spending of between \$64 million to \$235 million per annum, or around \$20 million to \$73 million per annum in terms of value added contribution to GDP.

8. We also estimate that the proposed development will bring additional employment opportunities of between 750 to 1,000 for a scenario with a mix of cultural, hotel, food and beverages (F&B) and retail to between 1,200 to over 1,600 for a scenario with a focus on F&B and retail predominantly.

9. In general, the involvement of the private sector in the development of a heritage tourism attraction making use of existing monuments should be an economic means to achieve preservation of these buildings. The development will add to the tourist attractions within a prime tourist area, resulting in a synergy of the different attractions in the area, and a potential for an increase in business opportunities. It will also have spin off economic benefits associated with tourism development.

Environmental Implications

10. The Project will be a Designated Project under the Environmental Impact Assessment (EIA) Ordinance (Cap. 499). Potential environmental issues will be addressed during the EIA process. An environmental permit will be required for the Project prior to its construction and operation.

Sustainability Implications

11. The Project should not have major sustainability implications. Involvement of the private sector in putting the historic buildings to beneficial use would contribute to the sustainability principle of protecting and enhancing the vibrancy of Hong Kong's historical and architectural assets.

Productivity Implications

12. The Project has no productivity implications.

**Economic Development Branch
Economic Development and Labour Bureau
24 April 2003**