Study on the
Feasibility, Framework and Implementation Plan for Setting up a Statutory Heritage Trust in Hong Kong

Final Report
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Glossary of Terms and Abbreviations

Advisory Committee on Revitalisation of Historic Buildings (ACRHB)

Antiquities Advisory Board (AAB)

Antiquities Authority (AA)

Antiquities and Monuments Ordinance (A&M Ordinance)

Antiquities and Monuments Office (AMO)

Architectural Services Department (ArchSD)

Buildings Department (BD)

Buildings Ordinance (BO)

Commissioner for Heritage's Office (CHO)

Development Bureau (DevB)

Environmental Impact Assessment Ordinance (EIAO)

Financial Assistance for Maintenance Scheme (F-Scheme)

Government Bureaux/Departments (B/Ds)

Gross Floor Area (GFA)

Heritage Canada Foundation (HCF)

Heritage Impact Assessments (HIAs)

Hong Kong Planning Standards and Guidelines (HKPSG)

Hong Kong Special Administrative Region (HKSAR)

Lands Department (LandsD)

Lord Wilson Heritage Trust (LWHT)

Non-profit-making organisation (NPO)

Outline Zoning Plan (OZP)

Planning Department (PlanD)

Revitalising Historic Buildings Through Partnership Scheme (R-Scheme)

Town Planning Board (TPB)

Urban Renewal Authority (URA)

West Kowloon Cultural District Authority (WKCDA)

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1   INTRODUCTION

1.1   Background

The Hong Kong Special Administrative Region (HKSAR) Government has been proceeding with its heritage conservation work in accordance with the heritage conservation policy promulgated in 2007.

The policy statement was set out in a Legislative Council Brief on "Heritage Conservation Policy" issued by the Government on 11 October 2007[1] as follows:

 "To protect, conserve and revitalise as appropriate historical and heritages sites and buildings through relevant and sustainable approaches for the benefit and enjoyment of present and future generations. In implementing this policy due regard should be given to development needs in the public interest, respect for private property rights, budgetary considerations, cross-sector collaboration and active engagement of stakeholder and the general public."

The HKSAR Government has indicated that the establishment of a heritage trust in Hong Kong, to support heritage conservation work and better mobilise community support, would be a long-term option to be considered in five years, once the proposed heritage conservation measures have been introduced.

With the 2007 heritage conservation policy having been put in place for nearly five years (see **Appendix 1**), the Commissioner for Heritage's Office (CHO) of the Development Bureau (DevB) commissioned GHK (Hong Kong) Limited in November 2011 to conduct a study on the feasibility, framework and implementation plan for setting up a statutory heritage trust in Hong Kong.

1.2   Purpose of this Study

The purpose of this Study is to investigate the feasibility, framework (covering the statutory, financial, organisational and operational aspects) and implementation plan for setting up a statutory heritage trust in Hong Kong to take forward future heritage conservation efforts. The Study will consider how a heritage trust would be able to support existing Government organisations to meet development needs while respecting private property rights, unburden Government budgets, and encourage participation across sectors including active stakeholders and the general public.

As set out in the Consultancy Brief, the prospective statutory trust would act to coordinate and implement measures to protect, conserve and revitalise as appropriate Government-owned and privately-owned historic and heritage sites and buildings through relevant and sustainable approaches for the benefit and enjoyment of present and future generations.

For the purpose of the Study, the definition of "heritage" includes monuments, historical buildings or archaeological or palaeontological sites or structures and the cultural and historical elements that are related to these buildings, sites or structures. The concept of a trust is taken in its broadest sense as an organisation that is responsible for heritage management - this covers statutory bodies such as English Heritage as well as national and city heritage associations such as the National Trusts of Australia.

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[1] Legislative Council Brief DEVB(CR)(W) 1-55/68/01

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1.3   Scope and Deliverables of this Study

- Provide an overview of heritage conservation issues and challenges in Hong Kong;

- Set out the key questions for Hong Kong in establishing a heritage trust, drawing out relevant lessons from the overseas and local research conducted;

- Set out a framework for considering alternative forms of heritage trust;

- Explore the feasibility of setting up a statutory heritage trust in Hong Kong in the light of the experience elsewhere and the specific circumstances in Hong Kong;

- Recommend a feasible form of trust (including its key features, role, responsibilities, and powers) for implementation in Hong Kong;

- Provide governance, organisational, operational and financial models for the recommended form of trust with draft job descriptions for the key positions; and

- Set out implementation and transition plans for establishing the recommended form of trust, including describing a delineation of responsibilities between the trust and Government and providing costings.

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2 HERITAGE MANAGEMENT / CONSERVATION CHALLENGES IN HONG KONG

2.1 Introduction

Hong Kong faces many challenges in managing and conserving its heritage assets. These challenges reflect the particular institutional, legal and administrative circumstances of 21st century Hong Kong, as well as specific physical and social issues. In assessing the need for and feasibility of a Heritage Trust, it is necessary to assess these challenges and determine whether a Trust, in one form or another, might be better placed to meet these challenges as opposed to other potential arrangements.

2.2 Institutional, Legal and Administrative Issues

2.2.1 Wide Policy Interface

In Hong Kong no single entity has a mandate for all aspects of heritage conservation. As a complex subject, it interacts with a wide range of policy areas, including land use planning, building regulations, urban renewal, the environment, education and culture. Heritage conservation therefore falls within the responsibilities of a number of Government bureaux/departments (B/Ds) and agencies. In jurisdictions outside Hong Kong, it is also common that land use planning, environment, culture, etc. are under the purview of different ministries and agencies. Heritage conservation, like many other subjects, interfaces with more than one policy area because of its wide ranging subject matter, not necessarily because of complexities in the institutional framework.

The CHO of DevB was set up in 2008 to take forward the heritage conservation policy portfolio. Under the existing institutional framework CHO works closely with a number of Government departments in implementing a variety of heritage conservation initiatives. CHO acts as the focal point for heritage, both locally and internationally. Regarding the heritage properties currently managed by different B/Ds, the conservation principles are overseen centrally by the Antiquities and Monuments Office (AMO), whose stated vision is to preserve the archaeological and built heritage of Hong Kong and promote the awareness and appreciation of, respect for and commitment to preservation of such cultural legacy through research, education and publicity[2]. In addition, the LWHT has the objective of promoting the preservation and conservation of the human heritage of Hong Kong. A new heritage trust would need to clearly differentiate its roles, objectives and functions from those of LWHT.

2.2.2 Narrow Scope of Legal Framework

When the Government announced the policy statement on heritage conservation in 2007, it had decided that in the immediate future the legislative route would not be pursued for enhancing heritage conservation. It acknowledged, however, that the Antiquities and Monuments (A&M) Ordinance is "rather rigid in that it only provides for one form of protection (i.e., to declare monuments)"[1] and that given the many restrictions on actions that can be carried out by property owners to declared monuments except with a permit granted by the Antiquities Authority (AA), "property owners do not have the incentive to give consent for declaration."

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[2] http://www.amo.gov.hk/en/vision.php

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The Government at the same time recognised the limitations of the current administrative grading system in that "the system has no statutory status and the grading does not confer buildings statutory protection. If the owner of a private graded building decides to demolish his/her building (and if there is no restriction from the land, town planning perspective, etc.), there is no way Government can stop this except for the AA to proceed to declare the building as a monument or proposed monument." [1]

Another means of statutory protection for built heritage comes via the Environmental Impact Assessment Ordinance (EIAO). Once a building / site is identified as a "site of cultural heritage", construction work partly or wholly within it can only proceed after statutory procedures under EIAO have been complied with and an environmental permit has been issued.

For all new public works projects, the project proponents and works agents are required to consider whether their projects will affect heritage sites, and if so, to conduct a heritage impact assessment (HIA) to examine to what extent the proposed project would affect the heritage sites and devise mitigation measures in the case of adverse impact. HIAs are an administrative mechanism for heritage protection – they are non-statutory.

Another non-statutory mechanism is the Hong Kong Planning Standards and Guidelines (HKPSG), which includes sections on conserving built heritage. These state that the Explanatory Statements accompanying Outlining Zoning Plans (OZP) produced by the Planning Department (PlanD) should note the existence of declared and proposed monuments, graded historic buildings and sites of archaeological interests. Prior consultation with AMO is then necessary for any developments or rezoning proposals affecting these sites or buildings and their immediate environment.

Government has an internal mechanism to monitor any demolition of / alterations to monuments / proposed monuments or graded buildings / buildings proposed to be graded. Under the mechanism, the Buildings Department (BD), LandsD and PlanD will alert the CHO of the DevB and the AMO regarding any identified possible threat to privately-owned sites of archaeological interests, monuments and historic buildings that have been brought to the departments' attention through applications and enquiries received and in the normal course of duty such as regular inspections. District Offices under the Home Affairs Department also assist in informing the CHO and the AMO if their staff notice any demolition of / alterations to monuments / proposed monuments or graded buildings / buildings proposed to be graded in their normal course of duty.

Articles 6 and 105 of the Basic Law (BL 6 and 105) are two key provisions of the Basic Law which protect private property rights in Hong Kong. BL 6 provides that the HKSAR shall protect the right of private ownership of property in accordance with law. BL 105 provides that the HKSAR shall, in accordance with law, protect the right of individuals and legal persons to the acquisition, use, disposal and inheritance of property and their right to compensation for lawful deprivation of their property.

Although there is no statutory requirement for public engagement to be undertaken as a means to take into account public views regarding the grading of buildings, the Antiquities Advisory Board (AAB) has adopted the practice of inviting the public to comment on any building undergoing grading, through a consultation process. The AAB has held open meetings for public observation since September 2005 to

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enhance its transparency[3]. Moreover, all discussion papers and minutes of the open meetings of AAB, including documents on the assessment, development and conservation proposals of monuments and historic buildings, are uploaded onto the website of AAB for public information.

The protection of private property rights enshrined in the Basic Law, combined with the narrow scope of legislative framework for heritage conservation (narrow in the sense that it only provides for one form of protection) make it difficult to carry through conservation policies in respect of privately owned graded buildings. This presents challenges to the AA, CHO and AMO in securing support from the various stakeholders.

2.2.3   Uniform Building Regulations

All heritage buildings and associated works on private land are subject to control under the Buildings Ordinance (BO) and its subsidiary regulations. As heritage buildings are built a long time ago, their design and facilities provided usually do not comply with the current building safety and health standards and the statutory requirements. If it is not intended to carry out alteration and addition (A&A) works in or change the use of an existing heritage building, then there is no provision under the BO requiring the existing building to be brought up to the current standards. However, if A&A works are to be carried out or the buildings are to be adapted for re-use other than their original use, submission of an A&A proposal to the BD for approval under the BO is invariably required if the proposed works are not exempted from approval by virtue of Section 41(3), (3B) & (3C) of the BO. The proposed A&A works and the affected parts of the building should comply with the current building safety and health requirements. To assist the owners in carrying out building works in heritage buildings for compliance with the BO and its subsidiary regulations, the BD has promulgated a "Practice Guidebook for Adaptive Re-use of and Alteration and Addition Works to Heritage Buildings 2012" in May 2012 which aims to provide design guidelines to facilitate the planning and design of adaptive re-use of and alteration and addition works to heritage buildings.

2.2.4   Competing Demands for Government Funding

A further issue that heritage conservation faces in Hong Kong is the competing demands for Government funding. The Government has a duty to ensure that the available capital and recurrent resources are directed towards those areas where they will be of most benefit to the community.

Under the Revitalising Historic Buildings Through Partnership Scheme (R-Scheme), Government procedures are in place which are intended to ensure the proper and effective use of public money. Government will not provide further subsidy after the initial two years' operation - the selected non-profit-making organisation (NPO) is expected to be able to run the social enterprise in the historic buildings on a self-sustainable basis from Year 3 onwards. If the NPO faces difficulty in managing the social enterprise and / or the maintenance of the historic building, it can revert the premises to Government. In practice there is a tension between the time needed to secure funding and the urgency to conserve. It takes time to go through the procedures established to secure funding for the upfront renovation works for R-scheme; when drawing up their business plans and preparing project cost estimates, NPOs need to take into account the lead time required to secure funding. Provided that adequate condition surveys have been conducted and plans are

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[3] http://www.devb.gov.hk/en/publications_and_press_releases/press/index_id_3903.html

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available, early commencement of works is generally conducive to conserving historic buildings, the condition of which is likely to deteriorate over time.

2.2.5 *Uncertainty about Government's Prioritisation of Heritage in Relation with Competing Interests*

While Government's stated policy towards heritage conservation is becoming increasingly robust, two factors give rise to uncertainty about the Government's prioritisation of heritage in relation with competing interests.

First, the process for declaring monuments when a private owner is not in agreement is not well understood by the public at large. The situation at Ho Tung Gardens is a case in point. After consulting AAB, AA announced her plan to declare Ho Tung Gardens as a monument in accordance with the A&M Ordinance, and informed the owner of her intention. The owner expressed objection then, and submitted a petition to the Chief Executive according to the Ordinance. Upon considering the objection raised by the owner, the Chief Executive in Council directed AA that the declaration of Ho Tung Gardens as a monument shall not be made.

Second, the Government's approach to heritage conservation has at times been more reactive than proactive. For example, King Yin Lei suffered significant damage prior to Government action being taken. The approach is partly due to respect for private owners' wishes and rights, and partly due to the constraints that Government faces in terms of committing to recurrent funding liabilities. Thus, if there is no serious development / demolition threat to a privately owned historic building, the Government may not proactively consider declaring a building without the owners' consent.

2.3 Physical and Social Characteristics of Hong Kong

2.3.1 *Physical Characteristics: Market Pressure for Redevelopment and Private Property Rights*

Land use planning has a particularly challenging interface with heritage conservation: the scarcity of land for development in Hong Kong results in continuous and very strong market pressure for redevelopment of existing structures and neighbourhoods, which in the absence of Government intervention, may run counter to wider heritage conservation objectives. This issue is of high importance in Hong Kong given that much of society's wealth is held in land values. Consequently, many owners are fearful of a potential negative impact of any heritage grading on the value of their properties.

Utilising economic incentives to promote private sector participation in heritage conservation – harnessing market forces in a way that promotes sensitive land development – is generally accepted as a potential means of alleviating this concern. It is of course challenging for the Government to strike a proper balance between the preservation of historic buildings and respect for private property rights. Given the particular circumstances, the Government has to consider on a case-by-case basis available economic incentives such as land exchange or transfer of development rights.

The existing backlog in the grading of historical buildings is mainly due to ownership issues and objections from the owner. Up to February 2013, AAB has completed the assessment of the grading of over 1,200 historic buildings. While AMO will continue to engage the owners concerned, AAB has agreed at its meeting on 20 February 2013 that it will proceed to examine new items/categories suggested for grading by the public alongside the remaining buildings from the list of 1,444 historic buildings.

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2.3.2 Social Characteristics: Recognition of "Vernacular Architecture" and Intangible Value

Hong Kong has relatively few examples of highly important historic buildings. In contrast, the city is rich in "vernacular architecture" that gives it a sense of place and local distinctiveness. Market places, transport terminals, defence installations, small scale domestic architecture, and religious buildings are examples of architectural forms that characterise Hong Kong. As some of these places are demolished to make way for new constructions, a sense of lost Hong Kong has entered the public consciousness.

Heritage plays an important role in allowing communities to share a collective history – it represents a public asset of high, albeit intangible social value. This intangible value may not always be appreciated until it comes under threat.

In a heritage awareness study carried out by The Heritage Council in Ireland published in 2000[4], it was established that "heritage" is perceived by most people as being largely physical in nature, and is particularly associated with old or significant buildings. However, as the outcry over the demolition of the Star Ferry Pier and the active efforts made to preserve Queen's Pier demonstrate, this "traditional" view appears to be changing, at least in Hong Kong, and there is a growing recognition, especially among younger people, that certain places have a value to society which goes beyond the physical structures within them. The Star Ferry Pier, built in the 1950s, is neither old nor very impressive architecturally. However, over time the practicality and pleasure which people have associated with the ferry itself became embodied in the place developing an emotional value or, as it is now known in Hong Kong, "collective memory."

Taking the cases of the Star Ferry Pier and Queen's Pier one step further, it has been argued that the demolition of Star Ferry Pier had the effect of undermining the heritage value of Queen's Pier in that the setting surrounding it had been destroyed. With collective memory, the setting is important, not just the specific location itself.

2.3.3 Social Characteristics: Increasing Public Concern but Civil Society Organisations Still in Their Infancy

In the last decade, heritage conservation has continued to grow as an issue in Hong Kong. This was evidenced by the public's concerns raised and protests against controversial community redevelopment projects such as the Queen's Pier. However, this growing concern with Hong Kong's historic environment is yet to be sufficiently coordinated and organised to effect widespread change. Civil society organisations are emerging to lobby on various issues and NGOs are starting to be formed to take on particular sites. As these organisations develop, scope is likely to exist for this "third economic sector" to play a significantly greater role in heritage conservation and management. These are positive signs, demonstrating that the public judges heritage conservation to be a common good.

2.3.4 Social Characteristics: Donation and Membership Culture is Not Widespread

Membership organisations or sponsorship are not widespread in Hong Kong and a regular donation culture does not exist. Many international examples of heritage organisations have strong memberships, some of which are based on some form of donation or legacy giving particularly when positive tax incentives exist. However,

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[4] Study is available at:
http://www.heritagecouncil.ie/fileadmin/user_upload/Policy/Policy_Paper_on_Awareness_Policy_2000.pdf

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the tax rate of Hong Kong is relatively low so there is less scope for providing such incentives in relation to donations. While society's generosity for giving and donating is not in doubt during times of emergency or crisis, there remain relatively few public (as opposed to professional) membership-based organisations for social purposes in Hong Kong. This acts as a potential impediment to the formation of heritage organisations, although there are small scale examples such as Asia Society Hong Kong and Heritage Hong Kong Foundation.

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3 KEY QUESTIONS FOR HONG KONG, AND LESSONS FROM OVERSEAS AND LOCAL EXPERIENCE

3.1 Introduction

Consideration of heritage organisations overseas, and local organisations, suggests a number of key questions must be resolved in establishing a heritage trust in Hong Kong:

- Why is a trust in Hong Kong needed?

- What might a trust in Hong Kong do?

- Does a trust in Hong Kong need to be a statutory body?

- How can popular support be mobilised in Hong Kong?

- Is a membership-based heritage organisation possible in Hong Kong?

- How can the costs of a trust in Hong Kong be controlled?

- How should a trust in Hong Kong be funded?

- How to ensure a trust in Hong Kong is operationally effective?

This section first reviews the strengths, weaknesses and lessons from the overseas case studies. It then considers each of the above questions in turn, drawing together lessons from overseas case studies and relevant Hong Kong organisations to set out the implications for establishing a heritage trust in Hong Kong. The section concludes with a summary of the key lessons. See **Appendices 2 and 3** for further details of the overseas and local research respectively.

3.2 Review of Strengths, Weaknesses and Lessons from Overseas Case Studies

The GHK Team has made an extensive investigation of heritage trusts and other heritage bodies worldwide to identify possible case studies. In particular, the Team has conferred with the International National Trust Organisation (INTO) which provided up-to-date information gained from its membership and its biannual meeting in Victoria, Canada in October 2011. The Team initially identified a number of possible case studies to study the legal framework, governance model, financial arrangements and mode of operation.

Based on discussions with the client and initial findings of the GHK Team, the choice of case studies was refined so as to facilitate consideration of a number of functions, namely: flexibility to work with the private sector; membership-based; clear governance; self-financing; provision of maintenance grants; participation in revitalisation projects; public education and appreciation; and international networking.

On this basis, and on the likely access to information, the Team has selected the following three organisations as case studies: Australian National Trust (New South Wales), Heritage Canada Foundation, the UK National Trust. The GHK Team amplified the coverage of these case studies with the addition of a fourth case study, English Heritage, and a range of insights from Asian heritage organisations. This section includes a review of strengths, weaknesses and lessons from the four main overseas case studies. See **Appendix 2** for further details of all the cases considered.

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1. National Trust of Australia (New South Wales)

Strengths and weaknesses

The National Trust has campaigned vigorously to promote the benefits of retaining important maritime and cultural heritage, and has been successful in several of its campaigns, e.g. nomination of a property for state heritage listing (James Fletcher Hospital, Newcastle); commitment of various New South Wales (NSW) government officials to support pro-heritage positions (returning planning powers to a local council, building a passenger cruise ship terminal etc.) and protection of endangered trees (Murray River Redgums). Other campaigns did not achieve their aims: nomination of railway heritage to the National Heritage List (Eveleigh's Large Erecting Shop).

The Trust leads a varied communication programme including the quarterly publication of the National Trust Magazine; the National Trust NSW website; and the new Heritage Space community forum. Its intention is to become "a genuine gateway for the entire heritage community."

The organisation seems to be quite dependent on volunteers to carry out many of the tasks related to the running of its properties. Investing in the training of volunteers seems to be an unmet need.

Equally, government grants have been essential for it to carry out some of the major works to its key properties and their availability is dependent on government priorities which may or may not match those of the Trust.

The revenue streams of the organisation are not yet sufficiently diversified to ensure the organisation's future. In recent months the Chief Executive Officer has issued dire warnings of potential closure of up to one-third of the Trust's properties despite staff reduction at its headquarters (reduction of 10 to 6 staff).

Success factors and issues for establishment of Heritage Trust in Hong Kong

Issues of relevance for Hong Kong are:

i)   Growing a membership. The Trust began with a core group of dedicated conservationists 65 years ago. Today the membership stands at over 22,000 but is growing at a slower rate than is necessary for the well-being of the organisation. It must be able to compete with other charities for members and should attract a culturally diverse audience. A new trust in Hong Kong will need to take a long term view of potential for membership and plan accordingly.

ii)   Caring for properties. The Trust has a portfolio of 38 properties which include 2 galleries and 1 nature preserve. The number and selection of properties are a draw for membership, but places a heavy burden of care on the Trust, especially in view of the history of underinvestment in the physical condition of the properties and their interpretation to the public. A recent newspaper article, "Lights Go Out at Historic Houses" (October 2011) suggested that the Trust is considering mothballing up to 10 of its properties due to financial considerations. The costs of property ownership or control should be carefully studied before assuming responsibility.

iii)   Diversifying revenue sources. The Trust earns revenue through its Bushland Management activities, its enterprises, membership income, merchandising, museum visitation and sponsorship but, this amounts to only about 30% of revenue. Expected new income from new programmes was not forthcoming in the years 2009-2010 despite considerable start up investment in staffing etc. Realistic forecasting is necessary to create a stable revenue situation.

iv)   Managing an investment portfolio. The Trust has a long term investment fund of about AUD10 million (HKD 81.4 million), which gained in value by AUD 181,000 (HKD 1.5 million) in the years 2009-2010. Net cash inflow from its investment activities

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stood at AUD371,000 (HKD 3.0 million) in the year 2009-2010. Strict management of an investment portfolio, with attention to long-term growth as well as income is essential.

v)   Rationalising internal management to promote efficiency. Appointment of a Deputy Executive Director and an Education Manager were recent changes in the Trust. Internal structures need to be assessed for efficiency.   Adapting to new technologies will be an ongoing need. At times of financial stringency, it is also necessary to have adequate staffing to deliver the Trust's core programmes.

Exchange rate: AUD 1 : HKD 8.138 (as 15th March 2012, using http://www.xe.com/ucc/)

Funding

The Trust has received substantial Government funding since 2001, to enable major works to be carried out on more than 14 properties. But for some time funding support from bequests has been decreasing, and there is an increasing backlog of high-cost conservation works. Whilst the Trust may be considered self-financing, it is currently operating at a loss (AUD 1.6 million (HKD 13.0 million) in 2011).

In order of magnitude, the main revenue sources (as at 2010) are: gains on disposal of assets (23%); grants from Government (14%); bequests (14%); bushland management income (12%); fundraising and event income (6%); gains on revaluation of investment (6%); membership income (5%); merchandising (5%); investment income (4%); sponsorship (3%); museum visitation (3%) ; donations (3%); gain on revaluation of assets (1%); and conservation services (1%).

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2. Heritage Canada Foundation

Strengths and weaknesses

The Heritage Canada Foundation (HCF) has been successful in working with heritage professionals, both academics and practitioners, throughout Canada and in drawing attention to training needs. Active in international heritage trust matters, the HCF recently hosted the meeting of the International National Trust Organisations.

Nevertheless the HCF remains a small organisation and faces ongoing financing issues.

Gaps in the HCF's capacities that have been identified are:

i)   The ability to work collaboratively with existing provincial level organisations without detracting from them;

ii)   The ability to leverage national level partnerships and support; and

iii)   The ability to implement property options such as "transitional ownership" and establishing a network of sites with other owners.

A weakness of the institutional set up was the dominance of staff coming from government and subsequent lack of private sector perspective.

Success factors and issues for establishment of Heritage Trust in Hong Kong

There are a number of lessons that can be drawn from the experience of HCF:

i)   Analyse the existing institutional configuration and ensure that a new entity will not be viewed as a competitor by existing organisations.

ii)   Begin with a business plan, focusing on the required size of endowment (or seed money), how to generate revenue, and protect and grow any endowment or investment fund.

iii)   Select Board members who are a mix of influential public figures with access and name recognition, a national perspective, and others with financial acumen and connections. In the case of HCF a board structure that accommodates linkages with provincial and local partner organisations while gaining essential skills is needed.

iv)   Ensure that members of staff have the necessary range of skills and experience, particularly in business development.

v)   Be extremely selective about accepting properties without a sufficient endowment to cover repair, maintenance and operations – and carry out detailed condition surveys so that these costs are known in advance.

vi)   Demonstrate that the organisation is "at the sharp end of practice" in regard to heritage management as a way to build credibility.

vii)   Have results on the ground to show and to encourage donations and membership.

viii)   Assess the costs and benefits of a membership model for a trust, bearing in mind that servicing a membership is expensive. It requires a membership secretary to manage membership and adequate incentives for people to join.

Owning property can be a liability as there are many costs associated with operation and maintenance. Yet HCF's decisions to limit its direct property ownership mean that the lack of tangible benefit for members in the form of access to a network of sites across Canada has likely been a limiting factor on growth.

Developing a strong membership base is difficult and depends on compelling "drivers." The composition of the Board has a strong bearing on the success of the organisation; a business perspective is critical for both the Board and staff.

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Funding

Initially, the HCF received an award of funds from Government. The HCF's sources of revenue, in order of magnitude, are: contracts (largely fee-for-service work undertaken by HCF's Quebec subsidiary which offers the Main Street program to municipalities); grants (largely from partnership with a university); Young Canada Works contribution from Government; conferences and symposiums; donations and bequests; property; membership; and publications. In 2011, contract revenue, the largest source of revenue, was CAD 924,000 (HKD 7.2 million).

Although it raises funds from membership, the HCF finds it difficult to be self-financing, in part because of the high cost of maintaining and operating the historic properties in its property portfolio.

Exchange rate: CAD 1 : HKD 7.8166 (as at 15th March 2012, using http://www.xe.com/ucc/)

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3. National Trust, UK

Strengths and weaknesses of the institutional set-up

The National Trust is a very complex and large organisation that fulfils many functions. It has evolved over more than 100 years. It is a model that could not be implanted in Hong Kong or elsewhere, yet demonstrates a range of lessons learned on themes such as access for visitors, community relations, membership etc.

The consistency of the Trust's philosophy and its actions are its core strength.

The acquisition policy of the Trust is that new acquisitions should be fully funded through the establishment of a separate endowment fund and should not need to be supported by the General Fund.

Because the Trust declares properties as inalienable, they bring with them a permanent responsibility for their future care that imposes substantial and perpetual financial obligations. Despite consistently increasing its expenditure on conservation repair work year on year, this is not meeting all its annual repair needs. In addition, there is an unquantified backlog of repairs that amounts to hundreds of millions of pounds.

Success factors and issues for establishment of Heritage Trust in Hong Kong

The National Trust is particularly successful in harmonising its conservation imperative and visitor access, consistent with the principle that "conservation should always work hand in hand with access." This is well reflected in its formulation of overall objectives and in its system of key performance indicators which are used as a management tool.

The National Trust has developed a very effective public information and media strategy and presence. These keep the National Trust in prime view and convey with clarity its key messages to its membership and wider public.

The National Trust has continued to add substantial numbers of new members, although in the year 2010-2011 the retention of members fell, partly due to a more challenging economic climate, and partly because the adaptation to a new IT system resulted in difficulties in issuing new membership cards. In the financial year 2010-2011, the National Trust realised a total of 17.7 million visits to pay for entry properties. This is a staggering number, and very hard to replicate in other circumstances.

The UK National Trust is predicated on a widely accepted membership ethos among the British public, and a critical mass of places to visits. Membership is a cost effective decision for individuals and families who visit more than three properties in a year. In the case of a Trust with few properties this rationale for membership is absent.

The National Trust's work is made possible by a large body of volunteers, including governance volunteers who play a role in supporting the management and administration of the Trust. Volunteers are extremely important in the running of the properties, serving as stewards and carrying out some of the property maintenance.

The Trust has also been notably successful in securing donations from individuals and corporations, in the form of gifts and legacies. It has also won numerous grants from other foundations and the UK Heritage Lottery Fund[5].

The financial resources of the National Trust have been built up over a century, and depend on its investment funds as well as current income. It has developed an investment policy that is aimed to maintain and enhance the capital value of its assets and produce, as far as

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[5] See Section 1.5 of Appendix 2 for further discussion of the Heritage Lottery Fund in UK including its potential applicability to Hong Kong.

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possible, a distribution to properties that rise with inflation.

Funding

The National Trust is self-financing and has multiple income streams. In order of size, the National Trust's income streams in 2011 were: membership £124.3 million (HKD 1.5 billion); enterprises £53.5 million (HKD 650.7 million); legacies £46.3 million (HKD 563.1 million); catering £39.3 million (HKD 478.0 million); rents; grants (including from European Union, UK Government, Heritage Lottery Fund[6], and charitable organisations) and contributions (from private individuals and businesses); investment income; admission fees; appeals and gifts; other property income; hotel income; and holiday cottages (£7.8 million) (HKD 94.9 million).

Under its National Trust Enterprise arm, the National Trust operates an extensive portfolio of businesses which both provide valuable services to its members and funds for the Trust's work. For example, the National Trust supports over 700 catering, retail, and Holiday Cottage outlets at its properties.

Financial support is also obtained through corporate and business sponsors.

Exchange rate: GBP 1 : HKD 12.162 (as at 14th March 2012, using http://www.xe.com/ucc/)

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[6] See Appendix 2 section 1.5 below for more details on the Heritage Lottery Fund

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4. English Heritage

Strengths and weaknesses of the institutional set-up

English Heritage has a strong educational and research capacity as well as operational arm. It works closely with local government to deliver conservation of the heritage. It has an easily navigable website that features a wide range of information and also conducts training for local officials in regard to heritage conservation and planning matters.

There is concern about duplication of efforts in the heritage sector in the U.K., particularly between English Heritage and the Heritage Lottery Fund. In its new corporate plan, emphasis is placed on eliminating such overlaps.

English Heritage is the lead UK agency for international affairs in regard to heritage and has initiated a pan-European working group for heads of heritage organisations as a discussion forum for heritage policy.

As a statutory body it is liable to be affected by government cut backs, and recently had its budget cut by more than 25 percent.

Success factors and issues for establishment of Heritage Trust in Hong Kong

English Heritage combines statutory functions with a membership option and commercial activities. This hybrid remit has proved to be a way to encourage participation in heritage by the public.

The Registry of Heritage at Risk helps English Heritage set priorities for intervention. This may serve as a reference for Hong Kong.

It offers grants and advice to private owners, particularly for buildings at risk and for church architecture. Grant giving and advice to private owners are also needed in Hong Kong.

It has been successful in attracting more than 750,000 members, through entry to more than 400 sites and an increasingly active programme of events. It has also diversified its revenue earning activities. Without a large portfolio of properties it is unlikely that a heritage trust organisation in Hong Kong would be able to attract large numbers of members.

Funding

It received seed funding from Government and now is financed through grant funding from Government and earned income. It receives funding from the Department of Culture, Media and Sport. Membership income is its largest share of earned income (34.3% of total), followed by admission income (26.1% of total).

The GHK Team has reviewed Asian heritage trusts, and provides four examples below, which have been selected for their relevance to Hong Kong (in particular the issue of mobilising public support in Hong Kong), and based on availability of data.

Japan. A key example of how heritage revitalisation may be supported by the local community is Kyoto. The Kyo-machiya Revitalisation Study Group has been set up to preserve the historic wooden townhouses (machiya). The Group has taken a comprehensive approach to the conservation of machiya as a part of Japan's cultural legacy, focusing not only on protecting the buildings but also more broadly on revitalising the community as a place where people live, work, and come together. This has led to the establishment of several sub-organisations such as:

- An organisation for craftspeople providing technical advice on maintaining and renovating *machiya*;

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- An organisation of Kyoto residents interested in *machiya* culture which organises concerts, cultural seminars and tours to promote understanding of *machiya's* cultural importance;
- An information centre dealing with selling and renting vacant *machiya* houses.

The establishment of these sub-organisations creates a participatory atmosphere and instills local residents with a sense of ownership of and responsibility for heritage sites. To an extent, it also relieves the main organisation of some of its responsibilities.

Taiwan. The stated purpose of the Taipei Heritage Conservation and Development Trust Fund (Taipei Trust Fund) is to cultivate a participatory approach to heritage preservation of the 118 declared heritage sites in Taipei City. The Taipei Trust Fund promotes heritage preservation among citizens through different programmes such as its dedicated credit card programme. A bank that is also the trustee of the Tapei Trust Fund issues a dedicated credit card where 0.35% of every purchase made on this card will be placed into the trust fund.

Korea. The National Trust of Korea began as a community movement where a group of concerned citizens started a campaign to collect donation to buy off small pieces of Mt. Moodeung bit by bit, in resistance to the city's plan to develop the mountain. The progress this movement made has encouraged similar activities to take place elsewhere in Korea, and the National Trust of Korea was formed in 2000 as the spearhead of similar activities in the country.

The mission of the National Trust of Korea is to secure quality cultural and environmental properties through public donations and maintain the properties through autonomous management for permanent preservation and enjoyment of future generations.

The values of the National Trust of Korea are to:

- Provide open access to all groups and ages to our cultural and environmental heritages.
- Value supporters and volunteers.
- Manage the cultural and environmental heritages for permanent sustainability.
- Eliminate the prejudice that preservation is a backward activity with a focus on the past.
- Support the local community volunteers to autonomously preserve and maintain their heritage.
- Offer diverse services and benefits for the members and supporters to enjoy the heritage sites.

The vision of the National Trust of Korea by 2020 is to:

- Secure a nationwide network of 20 National Trust of Korea properties.
- Enlist 10,000 members and 1,000 volunteers to manage its properties.
- Become the most respected NGO in Korea through sustainable preservation and transparent management.

Use its properties to offer environmentally friendly and cultural products and thus contribute to the local communities. As of December 2010, the National Trust of Korea had 2,360 members. The Trust is funded primarily through membership fees. There are five membership categories, namely:

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- Preservation Member: individuals or corporations donating W 3 million (HKD 20,700)[7] or above annually;

- General Member: individuals or corporations donating W 100,000 (HKD 690) to W 1 million (HKD 6,900) annually;

- 1% Member: those who regularly donate 1% of their income;

- Youth Member: those who donate W 3,000 (HKD 21) per month; and

- Family Member: any family that donates W 20,000 (HKD 138) or above per month.

The properties of the National Trust of Korea are sites acquired for permanent preservation. At present, the National Trust of Korea has seven properties.

India. The Indian National Trust for Art and Cultural Heritage (INTACH) is a member based NGO – the nation's largest NGO working in the field of culture and heritage management. It was established in 1984 with aims to:

- Preserve unprotected monuments and sites;

- Protect and conserve the environment and India's intangible cultural heritage; and

- Foster awareness and appreciation of its vast multi-faceted cultural heritage.

INTACH acts as the advisory body to central, state and local government and other organisations, for the development of heritage policies, regulations and guidelines. It assists government and local authorities in the implementation of projects, and also raises funds for projects.

Singapore. Singapore, like Hong Kong, has made efforts to engage the public on heritage issues. In recent years, the Singapore Government has embarked on a range of initiatives including establishing the Conservation Advisory Panel (CAP), implementing the 'Conservation Initiated by Private Owners' Scheme', adopting a participatory approach in the policy making process, and running the annual 'Architectural Heritage Awards' event to recognise quality restoration works in Singapore.

The Urban Redevelopment Authority (URA) in Singapore established the CAP in 2002 to advise the government on Singapore's building conservation efforts. To date, URA has gazetted over 5,600 buildings for conservation. These are mainly pre-war buildings located within the Central Area and its fringes. About two-thirds of these buildings have been restored. In recent years, URA notes that there has been an increase in public awareness of conservation issues and concerns about how Singapore's physical landscape is taking shape. The Government recognises the need to involve the public on such issues. [8]

3.3   Why a Trust in Hong Kong is Needed?

Experience in other countries as well as in Hong Kong shows that public involvement in heritage conservation and re-use is necessary for both affordability and sustainability. Governments are generally not in a position to finance all heritage activities, but need to bring in the private and voluntary sectors as investors, leaders and supporters. This configuration of interested parties helps to ensure that private property is respected while the public interest is upheld. Lack of

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[7] Exchange rate HKD=144.927W (as at 21st March 2012, using http://www.xe.com/ucc/)

[8] Document is available at: http://www.ura.gov.sg/pr/text/pr02-35.html

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opportunities for stakeholders to become engaged breeds a passive attitude towards heritage assets and deterioration of heritage buildings and sites.

Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
• Heritage organisations typically form and evolve organically from a base of community support, and complement the work of Government. English Heritage is an exception as it was established by Government to consolidate the protection of the historic environment and to advise Government yet also has a membership arm. • It is difficult to compare a Heritage Trust and Government without benchmarking. But it is clear that heritage trusts have been successful in rescuing historic buildings and sites for the public good. Some trusts, such as the UK National Trust have developed a very good system of key performance indicators.	• Statutory bodies are commonly set up by the Government to perform specific functions. At present there are over 200 statutory bodies in Hong Kong. The nature and functions of these statutory bodies vary considerably, and they offer the potential to secure a range of benefits. • Urban Renewal Authority (URA) and WKCDA are examples of bodies set up to improve efficiency in delivery, and to allow more flexibility in the allocation of funding for implementing projects and initiatives including through engagement with a wider range of stakeholders. The focus on efficiency of delivery and flexibility serve as a good model for a heritage trust. • The provision of an upfront endowment in the WKCDA case aims to allow the organisation to be self-financing.	• Establishing a heritage trust could bring a number of advantages: - send a further signal to the public that Government is committed to heritage conservation; - allow consideration of policy from an independent vantage point; - provide an opportunity to boost efficiency through devolving selected functions from Government; - help to address the issue of competing demands for funding in Hong Kong (including through provision of an upfront endowment to allow a trust to be self-financing)9. - enable more certainty for stakeholders regarding funding arrangements (a trust could follow its own procedures and focus on heritage), and flexibility in the allocation of funding for implementing heritage conservation (e.g. involvement of a wider range of stakeholders); - expand the constituency for heritage conservation in Hong Kong, through fostering engagement with the general public, private individuals, organisations and business; and - provide a means of

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9 However, it may be expected that Government funding for R-Scheme will continue to be required. See Footnote 16 on page 28.

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Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
		developing links with international heritage bodies. • However, care must be taken to mitigate the following potential risks: - reduction in democratic legitimacy of Government policy and programmes due to the independent status of the trust, to the extent that the trust would be responsible for delivering Government policy and programmes; - costs of an additional organisation, including possible duplication of resources and challenges in co-ordination with Government; - inadequate take up by the public, either as members/supporters or in taking advantage of activities on offer; and - over-reliance on Government funding, which would put the trust at risk should funding be unavailable when there are other competing funding priorities.

3.4   What Might a Trust in Hong Kong Do?

Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
• All heritage organisations have a strong <u>outreach & education</u> role.	• Many examples of outreach & education initiatives by CHO and AMO. These include an International Conference on Heritage	• Certainly outreach & education role with even greater energy and means.

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Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
	Conservation, which was organised at the Hong Kong Convention and Exhibition Centre from 12 to 13 December 2011, and numerous exhibitions and publications relating to heritage conservation.[10]	
• Most have a <u>technical & research</u> capacity.	• Examples of technical & research functions, some in joint venture with academic institutions • Both CHO and AMO are delivering technical & research functions and AMO is also commissioning academic institutions or consultants to carry out some of these tasks.[11]	• Certainly technical & research role. Opportunity to expand research scope to economic and social issues closely related to successful heritage conservation.
• Some examples of <u>funding agency</u> role but generally only where property holding role is limited.	• In practice Lord Wilson Heritage Trust (LWHT) is focused on funding research and education at present, although the LWHT Ordinance [Cap 425] does not preclude the acquisition, holding and sale of properties; and • LWHT is not holding any properties at present.	• Could potentially take on funding role for conservation projects.
• All hold at least some <u>property</u> – this is necessary for credibility as it demonstrates an organisation's	• Many examples of statutory bodies holding property. • Examples of statutory	• Should be able to hold properties (vested, donated, or leased). • Could acquire

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[10] For CHO: http://www.heritage.gov.hk/en/doc/Panel%20_Paper%20_E_(Final).pdf & http://www.heritage.gov.hk/en/whatsnew/events.htm

  For AMO: http://www.amo.gov.hk/en/education.php

[11] For CHO: http://www.heritage.gov.hk/en/online/publication.htm

  For AMO: http://www.amo.gov.hk/en/research.php

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Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
community role.	bodies that can acquire / receive properties.	properties, but likely to be contentious.
• Responsibility for property grading is rare (an exception is English Heritage, which examines buildings suggested for 'listing' and makes recommendations to the Secretary of State for Culture, Media and Sport[12]). • Most trusts acquire / receive properties. • Role in <u>policy advice</u>, rather than policymaking.	• No statutory bodies with policymaking powers.	• Unlikely to set policy / grade buildings, but could advise on policy direction. • Potential conflict between reliance on Government funding / holding Government properties and ability to play a policy advice role from an independent viewpoint.

3.5 Does a Trust in Hong Kong Need to Be a Statutory Body?

Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
• Almost all international heritage trusts were created bottom-up and have evolved organically. • Examples are independent charitable organisations created by law. • English Heritage is the lead advisory body for historic environment, with statutory role in planning system (statutory consultee) and has a membership arm.	• Statutory bodies are created top-down. • Civil society organisations are in their infancy. • Public bodies tend to be either advisory or statutory authorities. • Certain features (e.g. vesting of public property, and autonomy over spending public funds) require the status of a statutory body.	• A trust in Hong Kong would be created top-down. • Needs to be a statutory body if it is to acquire seed capital funding from Government and public properties, and be required to submit audited accounts / annual reports to the Government or LegCo. • NGO status allows receipt of Government grants and/or subventions but with significant constraints on use of funds.

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[12] Note that the 'listing' function of English Heritage is similar to 'grading' in Hong Kong.

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3.6 How Can Popular Support Be Mobilised in Hong Kong?

Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
• Credibility and a sense of civic pride are key to attracting supporters, members, volunteers and donations • Key means include: i) Public outreach, through properties, media, awards, alliances with other organisations, education; ii) Membership and its benefits; and iii) Public information and campaigns, often issue based.	• Credibility is key for new organisations. • Evidence of growing public concern about heritage but still lack critical mass and agency. • Examples of business / corporate support for community causes. • The media also plays a role in drawing attention to heritage issues.	• A trust needs sufficient independence to seize on issues of importance and raise funds (individual and corporate support). • Needs resources and time to develop a constituency. • Choice of issues has direct impact on growth of support. • The following features are also important to mobilise popular support: - evidence of dedication, integrity, transparency & professionalism; - community involvement; - ability to raise interest in and appreciation of heritage; and - sense of heritage as a shared good.

3.7 Is a Membership-based Heritage Organisation Possible in Hong Kong?

Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
• All heritage trusts are "membership-based". • Membership bases have different size and composition. • Contribution of membership to overall revenue varies. • Organisations offer benefits to attract and retain members, particularly access to properties. • Those organisations with a critical mass of properties (e.g. UK	• Membership and donation culture at early stages, and small in scale. • Membership organisations set up to serve social purposes exist, but are rare. • Unlikely to offer critical mass of properties to attract members.	• The trust should have members. • Initial membership likely to be small which could hinder credibility, and may take considerable time to grow. • A well-developed membership marketing capacity is needed to generate demand for membership. • In the absence of a critical mass of historic properties to visit, the ability to offer members

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National Trust) generally have less difficulty in attracting members as it is cost effective for those who visit multiple properties. • Requires resourcing, e.g. membership marketing staff. • Membership base takes time to grow and in some cases may remain level.		benefits (e.g. purchase discounts, enjoyment of trust's facilities, activities for members only, family activities, publications, continuous professional development seminars, etc.) is very important to attract members. • The offer of "professional grade" membership can also attract the relevant professionals to join.

3.8 How Can the Costs of a Trust in Hong Kong be Controlled?

Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
• Repairs and maintenance of heritage properties can be crippling – both an initial and ongoing expense. • In addition to repairs and maintenance, there are ongoing costs of visitor services and education. • Selectivity about properties to conserve is important. • Proactive and regular planned maintenance (anticipating and resolving maintenance issues before they become severe, where possible) based on regular condition reports is more cost effective than emergency repairs. • Use of volunteers allows activities to be expanded at reduced cost.	• Government is legally required to maintain declared monuments. • Government pays for revitalisation of Government-owned historic buildings (R-scheme) and finances maintenance of privately-owned graded historic buildings (F-scheme). • Use of volunteers allows activities to be expanded at reduced cost.	• Should take on properties in accordance with its resources. • A key issue is to what extent the trust would take on maintenance of declared monuments. • Proactive and regular planned maintenance (anticipating and resolving maintenance issues before they become severe, where possible), based on regular condition reports is more cost effective than emergency repairs. • Use of volunteers allows activities to be expanded at reduced cost. • Cost can be controlled through Government paying for revitalisation of Government-owned historic buildings (R-scheme). • It is worth considering outsourcing of non-core services, and allowing flexibility in employment of permanent / contract staff and their pay scales.

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3.9   How Should a Trust in Hong Kong be Funded?

Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
• Core funding is hard to secure; easier to find sponsors for programmes/activities. • Trusts have a range of funding sources, but mostly variations on a consistent theme: endowment, investment income, admissions, membership, merchandise, rental revenue, charitable contributions (individual + corporate) and grants (possibly from Government). • Campaigns to raise funds to acquire and endow significant new properties can be successful. • Importance of prudent, independent management of this endowment balancing longer term and shorter term financial needs. • In some cases, trusts have had to sell properties to raise funds for operations and maintenance. • An example of project funding for heritage secured through lottery revenues is Heritage Lottery Fund in UK.[13]	• Competing demands for funding from all sectors of the community. • Government procedures and lead time required to secure capital funding for R-scheme. • Government tends to prefer provision of upfront endowment but WKCDA has shown risks in this approach. For example, there is a risk that the upfront endowment may not be sufficient given the surge in construction costs over the years. • LWHT receives public donations – a fund manager was appointed to manage the donation prudently[14]; • Management of endowment tends to be financially prudent, e.g. WKCDA[15]; and • Hong Kong Jockey Club contributions could be an alternative form of seed funding.	• Organisations without secured recurrent funding must depend on funding for activities - this poses a risk to financial sustainability and can discourage longer term thinking and development of organisational capacities. • Need adequate start-up funds and a mixed portfolio of ongoing funding sources. • One way to ensure the trust is self-financing without Government subventions is to provide a seed grant and vest by law a number of revenue generating properties in the trust to generate recurrent income to support its operation and activities. R-Scheme properties with potential to generate revenue (e.g. PMQ) may be considered. An option is for Government to share profits with the operator. • Ideally endowment would be of sufficient size to allow the interest earned to cover core funding, contingencies and some operating expenditures. Note the endowment provided to WKCDA is intended to allow for this.

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[13] See Section 1.5 of Appendix 2 for further discussion of the Heritage Lottery Fund in UK including its potential applicability to Hong Kong.

[14] Lord Wilson Heritage Trust http://www.lordwilson-heritagetrust.org.hk/pub/10-11.pdf

[15] West Kowloon Cultural District Ordinance [Cap 601]

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Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
		• Professional fund management is necessary to optimise investment of endowment.
		• To ensure an annual income stream to fund recurrent obligations (e.g. some R-Scheme projects), recurrent funds could be secured from the Government.[16]
		• A key benefit of setting up a trust is the flexibility to receive donations (both money and buildings) and generate income from other sources (e.g. endowments, membership fees, sale of publications and souvenirs, etc.).

3.10   How to Ensure a Trust in Hong Kong is Operationally Effective?

Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
• Guiding role of chief executive / chair as a champion and leader. Inadequate leadership weakens the trust. • All trusts have a board - its composition has a direct bearing on a trust's performance. • Ability to demonstrate relevance of trust, in innovative ways, is important. For example, the UK National Trust has expanded its membership in part due	• Championship is key. • Size and composition of board is important. • Professional and entrepreneurial approach is important. • Ensure proper governance whilst avoiding being overly burdensome.	• Championship is key. • Size and composition of board suited to meet challenges is important. • Professional and entrepreneurial approach is necessary. • Ensure proper governance whilst avoiding being overly burdensome. For a statutory heritage trust, the Government and LegCo should play a role to monitor its

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[16] As the R-Scheme applies to Government-owned historic buildings it may be expected that the cost for capital works of these public properties should be funded by Government rather than drawing from the resources of the heritage trust - the latter may be perceived as sponsoring Government by the trust's donors and members. Therefore, unless the Government entrusts the ownership of these historic buildings for revitalisation to the trust, it may be expected that funding would continue to be provided by Government being the owner.

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Overseas Lessons	Local Lessons	Implications for a trust in Hong Kong
to its ability to articulate issues such as the importance of local heritage and sustainable farming. • Typical core executive team comprises: executive director; director of finance; officers for education, communications, conservation, membership, development, property management. • Robust monitoring and evaluation function with key performance indicators that are closely tied to objectives and are measurable (as practised by the UK National Trust) will help promote effectiveness.		performance and operational effectiveness (e.g. requirements for the trust to submit audited accounts and annual reports). • Ability to demonstrate relevance of trust, in innovative ways, is important. • A system of monitoring and evaluation, based on agreed objectives and using key performance indicators will set a trust on the right path.

3.11   Summary of Key Lessons

In summary, a number of key lessons for establishing a heritage trust in Hong Kong may be drawn from the international and local research – see below. Section 5 presents further detail of the recommended form of the trust. Further analysis of structure and implementation of the recommended form is then provided in Section 6.

▪ **Establishing a heritage trust in Hong Kong could potentially bring a range of advantages** – including: sending a signal to the public that Government is committed to heritage conservation; allowing consideration of policy from an independent vantage point; providing an opportunity to boost efficiency through devolving selected functions from Government; addressing the issue of competing demands for funding in Hong Kong (including addressing difficulties with securing recurrent funding)[17]; enabling more certainty for stakeholders regarding funding arrangements and flexibility in implementation; expanding the constituency for heritage conservation (including through fostering engagement with general public, private individuals, organisations and business); and providing a means of developing links with international heritage bodies.

▪ However, **care must be taken to mitigate potential risks** – including: a reduction in democratic legitimacy of Government policy and programmes;

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[17] However, it may be expected that Government funding for R-Scheme will still be required. See Footnote 16 on page 28.

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duplication of Government resources; inadequate take up by the public; and threats to financial sustainability.

▪ Regarding functions, **a trust would likely play roles in outreach and education, technical and research, and funding of conservation projects**. For credibility, it is necessary for the trust to hold some property, which would demonstrate its community role. It is unlikely that the trust would be responsible for policymaking, but it could advise on policy direction.

▪ **A trust would almost certainly need to be a statutory authority if it is to acquire seed capital funding from Government and public properties**, and be required to submit audited accounts / annual report to the Government or LegCo.

▪ **To mobilise widespread public support, the trust would need sufficient independence** to seize on issues of importance and raise funds. Dedication, integrity, transparency and professionalism, as well as community engagement, will be important.

▪ **Membership is realistic if members perceive their membership fees to be value for money**. International experience shows that organisations with an extensive property portfolio are generally more successful in building a large membership. However, in the case of Hong Kong, it will be difficult for the heritage trust to own an extensive property portfolio. In the absence of a critical mass of historical properties, smaller organisations have demonstrated an ability to attract members through their leadership in saving important heritage assets and offering them other benefits (e.g. purchase discounts, enjoyment of trust's facilities, activities for members only, family activities, publications, continuous professional development seminars, etc.). A heritage trust in Hong Kong will need to develop an active and creative outreach programme to attract and retain members, with a well-developed membership marketing capacity.

▪ To control costs, **it is important that properties are taken on in accordance with the trust's resources**. Other measures should include: proactive and regular planned maintenance, use of volunteers, outsourcing of non-core services, and allowing flexibility in employment of permanent / contract staff and their pay scales.

▪ Regarding funding sources, **organisations without secured recurrent funding must depend on Government funding for activities** – this poses a risk to financial sustainability, discouraging longer-term thinking and development of organisational capacities. One way to ensure the trust is self-financing without Government subventions is to provide an upfront endowment and vest by law a number of revenue-generating properties in the trust to generate recurrent income. The trust would ideally be provided with a sufficient upfront endowment to cover core funding, contingencies and some operating expenditures.[18]

▪ To ensure the trust is operationally effective, it will be important for the Chair to champion the cause of the trust, to establish an appropriate board composition and size, to adopt a professional and entrepreneurial approach, and to ensure proper governance (including requiring the trust to submit audited accounts and annual reports to Government / LegCo). It is also critical to allow the trust to

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[18] However, it may be expected that Government funding for R-Scheme will still be required. See Footnote 16 on page 28.

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demonstrate its relevance - a successful trust should be able to raise interest in and appreciation of heritage, engage members' and community involvement, and make members feel that heritage is a common good.

- **Establishing a robust monitoring and evaluation function** with key performance indicators that are closely tied to objectives and are measurable will help promote effectiveness.

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4 A FRAMEWORK FOR CONSIDERING ALTERNATIVE FORMS OF A HERITAGE TRUST: THE "3 R" APPROACH

4.1 Introduction

Heritage trusts and similar heritage management organisations have been founded around the world in response to threats to the survival of historic buildings and sites. Early heritage trusts were established in the UK at the end of the 19th century in the wake of intensive industrialisation and social reform movements. More recently other countries have adopted similar institutional forms. Therefore heritage trusts come in many different shapes and sizes. In the face of such diversity, it is useful to identify key characteristics. Simplification is required so that key characteristics can be identified and compared. The aim of this section is therefore to:

- Provide a framework for analysing various heritage trust forms in a simple and straightforward manner; and
- Introduce a set of terms to define these various forms and their constituent components such that they can be compared and discussed on a consistent basis.

4.2 A Framework for Considering Different Heritage Trust Forms: the "3 R" Approach

In reviewing alternative forms of heritage trusts, the Key Guiding Principles of the heritage trust must be determined. These relate to the questions of how best to balance public interest with private property rights, unburden budgets, and promote engagement with stakeholders and the general public. Key Guiding Principles to be determined are:

- Agent vs Independent Organisation – to what extent should a body be effectively an arm of Government versus one that is independent of Government?
- Safeguarding vs Revitalisation– to what extent should a body focus on making sure existing heritage assets are not lost versus one that focuses on maximising the use of the assets that remain?
- Overseeing vs Delivering – to what extent should a body oversee others to carry out heritage projects, programmes and asset management for it (for example, through delegation to another Advisory or Statutory Body or B/D, or through outsourcing and contracting with a third party) versus taking a hands-on role in delivery? Should the organisation decide on the broad approach and outsource the technical aspects to third parties or should it have the technical knowledge to carry out its own operations?
- Custodian vs Watchdog – to what extent should a body be limited to raising awareness of potential threats versus one that has the power to prevent actions that may harm the conservation of Hong Kong's heritage?

After the Key Guiding Principles have been identified, the following three tier approach is used.

The <u>first tier</u> sets the overall structure, henceforth referred to as the "3Rs", by asking the following questions:

- What should be the extent of a heritage trust's remit?
- Which key responsibilities should be handled by a heritage trust within its allotted remit?

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▪ Which resources should a heritage trust have at its disposal so that it may discharge its responsibilities effectively and efficiently?

The second tier starts to populate this framework by setting out the key components of a heritage trust under each of the above "3Rs". As shown in the table below, each of the "3Rs" has a number of key components.

Table 4-1: Summary of Key Components of a Heritage Trust

The 3Rs	Key Components	Intuitive Explanation
Remit	**Functional Remit**	To what extent should the trust have powers to define its own scope of operation?
	Geographical Remit	Should the trust's remit include the whole of Hong Kong or just some of it?
Responsibility	**Policy Making**	Should the trust be responsible for formulating policy?
	Identification of Heritage Sites	Should a trust have a role in identifying sites for grading?
	Heritage Safeguarding	What should the trust be allowed to do in relation to preventing sites from being destroyed?
	Conservation (Public Properties)	How much responsibility should the trust have for conserving public property?
	Conservation (Private Properties)	How much responsibility should the trust have for conserving private property?
	Public Awareness and Education	How much responsibility should the trust have for promoting public awareness and education?
	Research and Technical	How much responsibility should the trust have for carrying out research and technical studies in the field of heritage conservation?
	International Networking	How much responsibility should the trust have for international networking?
Resources	**Land and Property Holding**	Should the trust hold land and property, and if so which powers should it have relating to land and property?
	Financial Independence	Should the trust be self-financing?
	Staffing	Should the trust have its own staff?
	Constituency / Public Support	Should the trust be reliant on memberships / sponsorships?

For each key component there is then a range of alternative options. This third tier is provided in Table 4-2. Indeed, this Table shows the framework in full:

▪ The first tier of the framework, the "3Rs", is shaded in blue in the first column from the left.

▪ The second tier of the framework provides the key components for each "R", and is shaded in red in the second column from the left.

▪ The third tier of the framework is the range of options for each key component. These cells are shaded in green.

Each green cell shows an option for each key component. For example, under the functional remit component, the options are for the trust to cover an increasing number of functions, the most basic being heritage conservation. By selecting one

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cell on each row, a high-level heritage trust form can be created. It should also be noted that the options on each row get progressively weaker as the row is read from left to right. The extent to which the selected cells for each component are more to the left or the right hand side of the table reflects the overall power of the authority.

4.3 Components of a Heritage Trust

This section explains in greater detail the range of options available for each key heritage trust component as set out in Table 4-2.

4.3.1 Remit

Functional

The most basic functional remit of an organisation involves *administration* of heritage issues – here, it may take direction from Government (as in the case of English Heritage) and work to meet the aims defined by Government. On the other hand, an organisation involved in the *management* of heritage issues is one with greater powers to define its own aims within its scope of operation.

Another function of an organisation may be as a "Heritage Champion" where it fulfils an explicit role in identifying and asserting the importance of heritage issues.

Geographic

At the minimum, an organisation may be responsible for specific heritage assets only, often those under its ownership. A greater degree of responsibility would entail looking after all heritage assets in certain geographic areas, while the widest geographic scope would be all of Hong Kong.

4.3.2 Responsibility

Policy Making

This component concerns the organisation's responsibilities in relation to policy formulation. Organisations can be broadly divided into those which are not responsible for policy and those which are responsible for policy. Where an organisation is not directly responsible for policy, it may:

(i)   Informally monitor policy;

(ii)   Play an advisory role; or

(iii)   Play the role of statutory consultee.

Where an organisation is directly responsible for policy, it may:

(i)   Be responsible for designing policy tools and instruments, but not setting the policy goals and objectives; or

(ii)   Be responsible for setting policy goals and objectives, as well as designing the tools to ensure that these goals and objectives are met.

Identification of Heritage Properties / Sites

This component refers to the organisation's power to identify sites for grading. At the least powerful level, the organisation plays no formal role but may advise on the grading of sites. At a more powerful level, the organisation may be responsible for identifying suitable properties for grading. An organisation with even greater power may be responsible for setting the grading guidelines and reviewing the A&M Ordinance.

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Heritage Safeguarding

This component deals with the organisation's power to prevent sites from being damaged or destroyed. At one end of the spectrum, the organisation may have no formal authority but may monitor at-risk sites and play an advisory role. In addition to this, the organisation may be responsible for the approval of HIAs or identifying new safeguarding programmes. At a more powerful level, the organisation may also be able to grade buildings, declare monuments and granted the power to provide economic incentives to safeguard sites – this would have statutory implications and may not be feasible in a Hong Kong context.

Conservation (Public Properties)

This component relates to how much responsibility the organisation should have for conserving public property. At the minimum, the organisation may have no formal authority but may monitor at-risk sites and play an advisory role. At a more powerful level, the organisation may be involved in the management of the R-Scheme, the identification of new conservation programmes, and the renovation, management and maintenance of properties.

Conservation (Private Properties)

This component relates to how much responsibility the organisation should have for conserving private property. At the minimum, the organisation may have no formal authority but may monitor at-risk sites and play an advisory role. At a more powerful level, the organisation may be involved in the management of the Financial Assistance for Maintenance Scheme (F-Scheme, for privately-owned heritage at risk) or in the identification of new conservation programmes.

Public Awareness and Education

This component is involved with how much responsibility the organisation has for promoting public awareness and education on heritage issues. At the minimum, the organisation may have no formal role but may advise on awareness and education. The organisation could undertake a range of activities to raise awareness, including running informational and promotional campaigns, organising visitor programmes at heritage sites, producing publications (such as a website or a newsletter) and organising educational programmes.

Research and Technical Studies

This component concerns how much responsibility the organisation has for conducting heritage research, including economic and social impact studies, analysis of heritage at risk, annual reports on successes, visitor surveys, and so on. At the minimum, the organisation may advise on the direction of research and technical studies while at a more powerful level it may identify a research agenda, prepare Terms of Reference, and commission studies in a broad range of relevant topics including economic and social impact, outcomes of investment in heritage conservation and other such topics.

International Networking

This component deals with how much responsibility the organisation has for international networking. At the minimum, the organisation may have no formal role but may monitor and provide advice on issues relating to international networking. The organisation may act as a focal point for international liaison with overseas national trusts and heritage organisations, including attendance at relevant conferences and preparation of articles and publications. It may also conduct research into international best practice and be responsible for the organisation of related events.

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4.3.3   *Resources*

Property / Land Holding

This component is determined by whether the organisation is able to hold property / land, and if so what powers it should have in relation to the property / land it holds, ranging from powers to lease and buy / sell of property / land, through to compulsory purchase and autonomy relating to land use planning over its own land. At the minimum the organisation does not hold property but takes an active interest in local conservation issues. At a more ambitious scale the organisation owns or leases properties for which it takes full responsibility for conservation and appropriate use.

Financial Independence

This component refers to how the organisation should be financed. At one end of the spectrum the heritage organisation may be fully reliant on Government funding for core and programme needs, while at the other end the organisation may be financially autonomous (i.e. self-financing) but still receive funding from Government (national and local) as it deems necessary, usually on an activity basis.

Staffing

This component relates to whether or not the organisation has its own staff. The organisation could rely on others to provide executive and secretariat services rather than having its own staff. The organisation may also be staffed by employees seconded from a Government department. If the organisation has its own staff, these staff may be temporary or full-time staff. The organisation may also make use of volunteers to expand its capacities.

Constituency / Public Support

This component concerns to what extent the organisation is reliant on a membership and sponsorship. In the minimum case an organisation may have supporters who in some way give support to the organisation. Another type of organisation draws on its membership for its funding and influence. Some organisations are hybrid in nature and have both a statutory make up and a membership arm (for example, English Heritage).

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Table 4-2: A Framework for Considering Alternative Forms of Heritage Trust

3Rs	Key Components	Range of Options					
Remit	**Functional Remit**	Fulfills role of a "Heritage Champion" Management of heritage issues Administration of heritage issues		Management of heritage issues Administration of heritage issues		Administration of heritage issues	
	Geographic Remit	All of Hong Kong		All heritage assets in certain geographic areas only		Specific heritage assets only	
Responsibilities	**Policy Making**	Responsible for policy: Setting policy goals and objectives Designing policy tools and instruments	Designing policy tools and instruments	Not responsible for policy: Statutory consultee on policy goals and objectives Statutory consultee on policy tools and instruments	Not responsible for policy: Advises on policy goals and objectives Advises on policy tools and instruments		Not responsible for policy: Informally monitors policy only
	Identification of Heritage Properties / Sites	Review of A&M Ordinance Setting of grading guidelines Identifying suitable properties for grading		Setting of grading guidelines Identifying suitable properties for grading	Identifying suitable properties for grading	No formal role but may advise / monitor	
	Heritage Safeguarding	Declaration of Monuments Grading of buildings Provision of economic incentives (but not acquisition) Approval of Heritage Impact Assessment Identification of new safeguarding programmes		Declaration of Monuments Grading of buildings Approval of Heritage Impact Assessment Identification of new safeguarding programmes	Grading of buildings Approval of Heritage Impact Assessment Identification of new safeguarding programmes	Approval of Heritage Impact Assessment Identification of new safeguarding programmes	Approval of Heritage Impact Assessment
							No formal role but may advise / monitor
	Conservation (Public Properties)	Property rehabilitation Property management Property maintenance Management of R-Scheme Identification of new conservation programmes		Property management Property maintenance Management of R-Scheme Identification of new conservation programmes	Management of R-Scheme Identification of new conservation programmes	Management of R-Scheme	No formal role but may advise / monitor
	Conservation (Private Properties)	Management of F-Scheme Identification of new conservation programmes		Management of F-Scheme		No formal role but may advise / monitor	
	Public Awareness and Education	Information and promotional campaigns Publication programmes, i.e. website / newsletter Visitor programmes at properties Education programmes on Hong Kong's heritage		Information and promotional campaigns Publication programmes, i.e. website / newsletter Visitor programmes at properties	Information and promotional campaigns	No formal role but may advise / monitor	
	Research and Technical Studies	Economic and social impact studies Analysis of heritage at risk Annual Reports		Annual Reports		No formal role but may advise / monitor	
	International Networking	Focal point for international liaision with overseas national trusts and heritage organisations Research into international best practice Organisation of related events		Focal point for international liaision with overseas national trusts and heritage organisations Research into international best practice		No formal role but may advise / monitor	
Resources	**Property / Land Holding**	Holds public property / land: Can compulsorily purchase property / land Can buy / sell property / land Can lease property / land to others Autonomous in relation to land administration and land use planning over its own land		Holds public property / land: Can buy / sell property / land Can lease property / land to others	Holds public property / land: Can buy (but cannot sell) property / land Can lease property / land to others	Holds public property / land: Can lease property / land to others	Does not hold property / land: Can only advise Government departments
	Financial Independence	Financially autonomous from Government for both recurrent and capital expenditures Has access to wide range of funding sources, including Government if the trust deems it necessary		Financially autonomous from Government for both recurrent and capital expenditures Has access to wide range of funding sources, including Government as last resort	Financially autonomous for recurrent costs but would need Government funding support for large capital projects	Reliant on Government for annual funding	
	Staffing	Has own independent, full-time staff Active use of volunteers	Has own staff as well as staff on secondment Active use of volunteers	Has own staff as well as staff on secondment	Only has staff on secondment	Does not have staff so has to rely on others to provide executive and secretariat services	
	Constituency / Public Support	Actively seeks members and supporters		Memberships available		No members	

High
Powered

Low
Powered

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How to use this Table

Table 4-2 provides a simple framework by which the powers of the different statutory bodies can be compared. The table covers the key characteristics of a heritage trust, namely its remit, responsibilities and resources – the so-called "3Rs", shaded in blue. For each R, there are number of constituent components, shaded in red. For each component, there is then a range of options, shaded in green. Looking from left to right along each key component row, the range of options gets progressively weaker. The form of a heritage trust can effectively be determined or built-up from scratch by selecting the most appropriate option (i.e. one cell) on each row. By imposing this framework onto the statutory body of interest, one can immediately identify the key characteristics of that body and the broad extent of its powers. It should be noted that this table is designed to be viewed horizontally, row by row, and not vertically; that one cell sits above another cell does not necessarily mean that they reflect similar powers or that they are natural complements.

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5 RECOMMENDED FORM OF TRUST FOR FURTHER ANALYSIS OF STRUCTURE AND IMPLEMENTATION IN THIS STUDY

5.1 Introduction

The recommendations contained in this Report are made in light of discussions with the Government, the knowledge / experience within the team, and lessons from local and international research summarised in Section 3. The organisational, operational and financial structure and implementation of this recommended trust form are analysed in detail in the following sections of this Report.

5.2 Recommended Responsibilities of a Trust

Overseas and local lessons on the appropriate responsibilities of a heritage organisation are set out in section 3.2. All heritage organisations have a strong outreach and education role, and most have a technical and research capacity - it is recommended that the new trust maintain and expand the existing responsibilities in these areas currently held by CHO and AMO. All heritage organisations hold at least some property, which is necessary for credibility as it demonstrates a community role; and some organisations play a funding agency role. The new trust in Hong Kong is unlikely to hold a large portfolio of properties, but could take over management of the R-Scheme (currently performed by CHO) and play a funding agency role for the F-Scheme. A small number of revenue-generating properties could be vested in the trust upon its establishment, with further properties being added progressively over time. Responsibility for property grading is rare; some heritage organisations play a policy advisory role, although this would potentially conflict with a trust's reliance on Government funding / holding Government properties.

The recommended responsibilities of a trust in Hong Kong are listed in Table 5-1. The responsibilities listed in Table 5-2 would *not* be covered by a trust.

Table 5-1: Recommended range of responsibilities of trust, for analysis in this Study

Responsibilities	Components
Outreach & Education	- Information and promotion campaigns* - Publication programmes* (newsletters etc.) - Education programmes* - Lead for international liaison, best practice and networking
Technical & Research	- Applied heritage conservation and management research* - Information database - Preparation of manuals / guidelines
Funding Agency for Privately-Owned Graded Historic Buildings (F-scheme)	- F-scheme administration and monitoring - Funding for selected built-heritage related activities@
Property Holding, Maintenance, Conservation and Revitalisation of Government-Owned Historic Buildings	- Property rehabilitation@ - Property management - Property maintenance@ - R-scheme proposal assessment

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Responsibilities	Components
(R-scheme)	(i.e., taking up the existing role of Advisory Committee on Revitalisation of Heritage Buildings (ACRHB)), administration and monitoring [but it is expected that funding of the R-scheme would rest with Government] ▪ Pilot programmes, and identification of new programmes@

Note: * indicates similar works are being performed by LWHT; @ indicates what LWHT could do under the provision of the LWHT Ordinance [Cap 425] but currently not actively involved in

Table 5-2: Range of responsibilities that would *not* be covered by the trust for analysis in this Study

Responsibilities	Components
Heritage Protection	▪ Legal and regulatory role ▪ Declaration of monuments ▪ Grading of historic buildings ▪ Economic incentives (land exchange, acquisition etc.) ▪ Roles and functions relating to HIA mechanism
Policymaking	▪ Setting policy objectives ▪ Designing policy tools and programmes

5.3   Other Recommended Features of a Trust

In addition, drawing on the lessons from international and local research set out in section 3, as well as discussions with the Government, the following features are recommended:

▪ The trust would be a statutory body, in order to allow it to receive seed capital funding from Government and hold public properties, and to submit audited accounts / annual reports to Government / LegCo.

▪ To attract membership in the likely absence of a critical mass of properties, the trust would offer its members a wide range of benefits, and would be supported by a membership marketing capacity.

▪ To control costs, the trust would use volunteers, and have flexibility both to outsource some non-core services and to employ permanent / contract staff.

▪ To avoid being reliant on Government for funding of activities, which would discourage longer-term thinking and pose a threat to financial sustainability, the trust should ultimately be self-financing without receiving Government subventions. One of the possible ways is for the Government to provide a seed grant and vest by law a number of revenue generating properties in the trust to generate recurrent income to support its operation and activities. It is recommended that the endowment be of sufficient size to allow the interest earned to cover core funding, contingencies and some operating expenditures. Regarding properties, R-Scheme properties with potential to generate revenue (e.g. Former Police Married Quarters on Hollywood Road) may be considered - an option is for Government to share profits with the operator.

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- In addition, it may be prudent for Government to ensure a secured annual income stream to fund expected recurrent obligations, e.g. sponsoring R-Scheme projects.

- To ensure the trust is operationally effective, the Chair would champion its cause, the trust would adopt a professional and entrepreneurial approach, and there should be proper governance including a requirement to submit audited accounts and annual reports to Government / LegCo. The trust would establish a robust monitoring and evaluation function with key performance indicators that are closely tied to objectives and are measurable.

5.4 To What Extent Would Establishing a Heritage Trust Meet the Heritage Management / Conservation Challenges of Hong Kong?

A well-designed heritage trust may respond to several of the institutional, legal and administrative challenges highlighted in section 2 of this Report. Through efficient management and a realistic business plan, the trust could be expected to make only modest demands on the government purse. Adopting a business approach, the trust could develop multiple sources of income, including membership, activities, and building rental. However, as noted in Section 3, it may be expected that funding for R-Scheme, potentially a substantial part of the budget of the proposed heritage trust, would require bids to be submitted to Government. Also, as in the WKCDA case, initial seed funding from Government would be required to set the trust on a sustainable path.

The establishment of the trust would be a signal that Government supports conservation of the heritage and community involvement, and is willing to experiment with new models of management. This would help to dampen doubts about Government intentions and criticisms of a reactive approach to heritage policy.

It would, however, be outside the scope of the trust to exercise a direct impact on the existing legal framework or building regulations. Over time, and with good results achieved by a trust, there could be indirect impacts that would possibly lead to strengthening of heritage protection and a re-evaluation of the adequacy of legislation and regulations.

In regard to social factors, the trust would be a step towards giving higher recognition to "vernacular architecture" and related intangible heritage. The trust's programme of community outreach, education, and public information would contribute to placing more value on the heritage of Hong Kong. As a membership organisation, the trust could be an example of civil society taking action and could help to promote a membership culture. A well-run trust would demonstrate the benefits to be derived from becoming a member.

The proposed heritage trust is unlikely to have a significant impact on market pressures for redevelopment of historic areas, although the projects carried out under the trust may provide models of innovative adaptive reuse and good planning that could suggest new solutions to developers. It would also raise public debate about urban issues in Hong Kong and what role heritage plays in the quality of the built environment.

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6   STRUCTURE AND IMPLEMENTATION

6.1   Introduction

This section provides governance, organisational, operational and financial models for the recommended form of trust set out in Section 5. It also sets out implementation and transition plans for establishing the recommended form of trust, including describing a delineation of responsibilities between the trust and Government.

6.2   Board and Governance Structure

6.2.1   Lessons from International Experience

International experience suggests:

- Building a strong, influential and cohesive Board of Directors is an important element in a trust's long-term viability and success.

- The Board should be representative of a heritage trust's diverse constituencies, serve as an influential voice for heritage conservation and provide strong, sound direction and oversight for its purpose.

- Typically boards vary in size between relatively large (up to 18 members) to smaller ones (less than 10 members).

- Boards whose members are selected in their personal capacity, as opposed to formal representatives of organisations or sectors, tend to develop a stronger sense of ownership and work more effectively to achieve the organisation's mission. More formally representative boards tend to see their role in terms of allocating resources among their agencies or interest groups.

- With few exceptions, boards have a government representative on their governing (or administrative) committee or body. This can be an important way in which trusts maintain linkages to public policies and programs. There are some cases such as the Heritage Canada Foundation where trusts have been adversely affected by lack of balance in board composition with a dominance of Government members – this has inhibited adoption of an entrepreneurial perspective.

- Active participation and leadership of prominent business people who bring a business perspective has proven extremely important for the successful operation of heritage trusts – and their absence has led to weak performance. The Heritage Canada Foundation has not had the business expertise needed to expand while the UK National Trust has embraced a business perspective. In the case of the UK National Trust they have created a separate organization, "National Trust Enterprises", to carry forward their business activities including renting of holiday accommodation, catering, gift shops, plant nurseries, etc.

- In addition to governing boards, there are a variety of other mechanisms used by heritage trusts to involve key actors and stakeholders. Board committees that focus on specific aspects of a trust's programme or management often include outside members. Some trusts involve a number of people within the conservation community in the review and selection of grant proposals. Technical committees can make input into annual work plans; an international committee can serve as a vehicle for exchange of information between the trust and international NGOs.

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▪ The relationship between the Board and staff, especially the chief executive, is very important to the effective functioning of a trust. A factor for this relationship to work is to clearly set out responsibilities for each which reflects a balance of leadership and management workload between them. In general, strong management skills are required for the executive directors, and technical skills for staff.

6.2.2   GHK Team's Proposed Board and Governance Structure

Private Sector Approach

The management and governance of Hong Kong's NGOs vary from a relatively "Government" style to those that are run in a similar way to private sector organisations. All NGOs, however, have Boards of Directors that are composed of varied interests and of different sizes.

The GHK Team considers that the adoption of private sector management practices will improve efficiency and reduce costs: an arms-length organisation is likely to benefit from a more business like style of working. A good Hong Kong example of the benefits of a private sector approach is Ocean Park. This ran at a loss under Government control with falling attendances - but through adopting an entrepreneurial approach, as well as the impact of the introduction of the Individual Visit Scheme, visitor numbers have risen significantly. Thus, the success may partly be attributed to Government's decision to appoint the appropriate Chief Executive and Chairman and so to restructure the organisation's culture in an entrepreneurial direction.

We consider the trust in Hong Kong adopts this private sector approach *ab initio*.

Board Size and Composition

It will be essential to give the Board independence and to ensure that the appropriate Chairman and Chief Executive are appointed to lead the trust.

It is recommended to allow flexibility in board size, allowing the size to be adjusted to cope with operational needs. This would follow common practice - for example, the Board of WKCDA (under Cap 601[19]) has a size of 13 to 20 members subject to the Chief Executive's appointments.

We believe the Board should consist of:

▪ The Chairperson – preferably from the private sector. It will be important that he or she is well respected, charismatic and experienced. The Chairperson must also be able to relate with high-level Government officials and be keenly interested personally in heritage and driving forward the work of the trust;

▪ The Chief Executive Officer of the trust (and possibly in due course the Finance and Administration Director) to ensure that management has direct contact with the Board and is able to exercise practical influence on its decisions;

▪ A range of other members selected as follows:

- members from appropriate Government departments, to maintain linkages to public policies and programs, and ensure that Government is fully informed of the trust's work;

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[19]

http://www.legislation.gov.hk/blis_pdf.nsf/CurAllEngDoc/D0BDB4D0A6C108CE482575EF0020DE43/$FILE/CAP_601_e_b5.pdf

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- member(s) from the social enterprise constituency to ensure that the trust balances its entrepreneurial aims with the interests and needs of other sectors of society;

- representatives from relevant professional disciplines – these may include those with a background in architecture, engineering, landscape architecture, law, planning and surveying; as well as finance and accounting in view that the proposed trust is expected to hold a substantial amount of public money and properties;

- representative(s) from large corporations (who may be expected to contribute funds). They will help to foster the necessary private sector approach, and will be source of advice on generating income and reducing costs;

- academic(s) with expertise in heritage or tourism. It will be important to have a broader view than purely Hong Kong's heritage issues. An appropriate internationally focused academic would provide this; and

- representative(s) from the tourism (private) sector to ensure that the trust gains maximum value from visitors to Hong Kong, and that the trust is able to organise and to participate in the overall promotion of Hong Kong.

Provision should be made to restructure the Board from time to time as the trust grows and possibly adjusts its original mission, purpose or operational focus to new opportunities and challenges.

As is typical, the Chairman and all Board members would be unpaid. Following the practice for LWHT and other similar statutory bodies, it is suggested there would be no provision for Board Chairman and members to claim expenses for work, except for a member who is not a resident of Hong Kong and who is required to travel to Hong Kong for attending Board meetings.

Sub-Committees

The Board should not seek to participate in the details of every decision. All Boards face the dilemma of, on the one hand, trusting management fully to run the organisation in the way the Board has laid down or, on the other hand, taking a hands-on approach and potentially interfering too much. The way virtually all Boards handle this is to appoint sub-committees.

It is envisaged that four sub-committees would undertake the more detailed work needed to support the work of the trust - most likely each meeting monthly. Over time additional sub-committees may be needed.

- Membership Committee – to generate interest among and find new corporate or individual members, and to support the Membership Director;

- Communications Committee – to devise and oversee the trust's strategy for all aspects of public affairs;

- Audit Committee – to oversee the financial and other governance aspects of the trust. Initially, the internal auditor may be part-time or sub-contracted out. In either case, the Audit Committee would set audit policies and ensures they are properly followed; and

- Finance and General Purposes Committee – to handle all other aspects of strategy and advice. This is the Committee that, typically, is closest to Management. It handles matters ranging from regular scrutiny of the accounts, to human resources, procurement and other important internal matters.

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For the proposed heritage trust to take over the funding approval and management of R-Scheme and F-Scheme, corresponding sub-committees may also be set up to take over the existing roles of ACRHB and F-Scheme Vetting Panel.

The Chairman may also want to form an Executive Committee at some time in the future but given the size of the trust and the proposed committee structure, this is not necessary at the outset.

Reporting

Since the trust's responsibilities are closely linked to the affairs of Government and the people it represents, the Chairman and Board should report to the appropriate Government Bureau. This follows the practice of several NGOs such as the URA and the Airport Authority.

In addition to regular reporting to the Government Bureau, the trust should prepare and deliver a report of its work annually to LegCo. The Chairman and the Chief Executive should expect to be scrutinised on their performance over the preceding year. The trust's Annual Report is also a way to inform and interact with a wide range of interest groups.

There is also a need to interact with the membership and public – Annual Reports serve this function, as well as a website and other publications. The trust website should be updated on a regular basis, be user friendly, and encourage readers to inform themselves about the work of the trust. The Annual Report would be available on the website as would research papers and media coverage of heritage issues.

Vision and Mission

It will be important for the Board and the senior executive team to develop and publish widely the trust's vision, mission and values very soon after all are appointed. This sets the tone for the whole organisation in both the eyes of its staff but also the wider public, potential donors and other stakeholders.

The vision, mission and values of the trust will be the basis for defining the objectives of the trust. In turn these objectives will also determine the Key Performance Indicators of the trust and of its principal officers for regular performance assessment at organisational and individual levels.

6.3 Internal Organisational Structure

The local research conducted for this Study[20] suggests that organisations in Hong Kong commonly adopt a deep organisational structure as opposed to the flat structure more typical of the private sector. Functional structures (as opposed to geographic structures) are more appropriate for smaller organisations, as exemplified by WKCDA and URA - with dedicated teams established for key functions.

6.3.1 Functions of the trust

It is envisaged that the trust would have four core functions:

- Conservation Function
    - R-Scheme: trust would take over the overall management of the scheme for revitalisation of public historic buildings. This would include assisting in preparation of documents to invite applications from NPOs, selection

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[20] See section 1.3.2 of Appendix 3 for further details.

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of NPOs, overseeing the renovation works, and monitoring of properties after completion of renovation works [but it is expected that funding of the R-scheme would rest with Government];

- F-Scheme: trust would take over funding and monitoring of the scheme. This would include determining approval of applications for grant, and monitoring of maintenance work; and

- Taking forward selected heritage conservation and revitalisation projects that would serve as pilot activities to demonstrate how the built heritage can benefit the people of Hong Kong.

▪ Technical and Research Function

- Developing a programme of research and technical studies, in consultation with Hong Kong universities and relevant B/Ds. The agenda for this research function would be to set heritage in its urban, social and economic context and would likely include economic and social impact studies and analysis of international best practice relevant to Hong Kong.

▪ Education Function

- Fostering public awareness of Hong Kong's heritage through education and public programmes such as exhibitions, lectures, tours, workshops and setting up of heritage trails etc. These activities would be aimed at families, school age children, as well as the public at large.

▪ Public Affairs Function

- Serving as a focal point of contact on heritage conservation matters both locally and overseas; and

- Liaising with other heritage trusts and the International National Trust Organisation to promote learning and exchange of experience.

In addition to, and in support of, carrying out the functions above, the trust will need:

▪ A Finance and Administration Team to keep statutory and management accounts, install and monitor financial systems (such as those for collection of both donations and fees from the public);

▪ A Conservation Team to ensure the trust's properties are well conserved, efficiently managed and offer genuine amenity value to the public. This team would develop the technical and research functions, which would be outsourced as appropriate;

▪ A Membership Team to recruit and service members;

▪ A Volunteer Team to recruit and manage volunteers;

▪ An Education Team to devise and carry out educational programmes;

▪ A Communications Team to build and maintain the reputation of the trust, and promote understanding between the trust and the public; and

▪ An Internal Auditor (possibly sub-contracted or part-time, initially) to prepare the Annual Report.

In addition to the setting up of in-house teams to carry out / support the trust's functions, some of the non-core works may be totally or partially outsourced so as to maintain an appropriate size of workforce for the trust to deliver its functions effectively.

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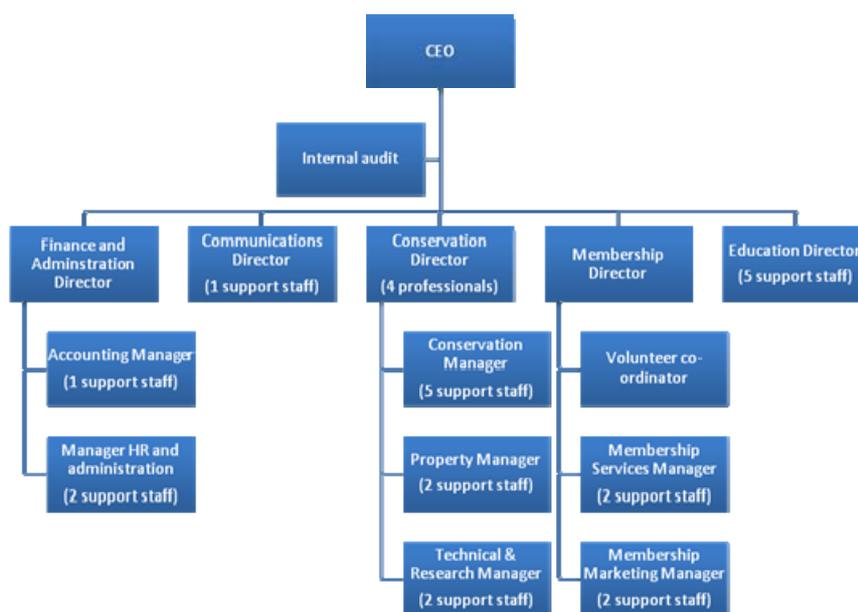Final Report

6.3.2 Organisational Structure

Fig.6-1 below sets out a recommended organisational structure for the trust. This should be read in conjunction with the job descriptions in Appendix 5.

In summary:

▪ The Finance and Administration Director is responsible for all finance and administrative functions including HR, legal and procurement. In due course, it may be necessary to separate the Accounting Manager's role into two – Management Accounts and Statutory Accounts - but for now one manager is sufficient;

▪ The Conservation Director is the link between the trust and Government's ownership and maintenance of premises, and will provide the trust with its own experts to help to achieve its goals. The team would support the management of both R-Scheme and F-Scheme, and would contain core maintenance personnel to assist on the R-scheme. The Conservation Director would also take responsibility for developing a research programme and technical studies. In the interest of cost-effectiveness, some of the research tasks may be outsourced;

▪ The Membership Director has a key role of attracting and retaining members, both individual and corporate, while also handling their day-to-day needs and queries. Reporting to the Membership Director would be a Volunteer Co-ordinator, to recruit, train, motivate and deploy volunteers to help with the trust's work;

▪ The Education Director develops, delivers and evaluates programmes of learning and participation, for all groups in society including those who may not normally visit heritage sites, such as hard to reach young people, young children, older people and families; and

▪ The Communications Director will use all forms of media and communication to build, maintain and manage the reputation of the trust. He or she will communicate key messages to defined target audiences in order to establish and maintain goodwill and understanding between the trust and the public.

While each team leader has discrete accountabilities, they will need to work closely as a team and to some extent share overall accountability with each other. The organisational structure comprises in-house directors, managers and teams but it is recommended that flexibility be allowed for non-core posts and teams to be totally or partially substituted with outsourced services.

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Fig. 6-1: Recommended organisational structure

6.4 Cost and Revenue Structure

A high level financial analysis has been undertaken for the ultimate form of the new trust. The trust is assumed to be a lean one, delivering some of its functions through outsourcing to the private or not-for-profit sector where appropriate and possible. The trust will have a full team of staff, supported by professionals on a term contract basis as required. The overseas case studies have shown the importance of a core staff which includes conservation specialists, public information, membership functions, education, and finance.

6.4.1 Potential Revenue

Potential sources of income of the new trust include rentals, hire charges, admissions, membership subscriptions, public programme revenue, income from fundraising events, investment return from seed money and Government subvention. Table 6-1 below sets out estimates of revenue based on overseas experience and Hong Kong experience (such as planning of the West Kowloon Cultural District).

Table 6-1 Estimates of Revenue of Trust

Revenue item	Annual revenue, HKD	Proportion of total
Investment Income *(see Note 1)*	45,000,000	65%
Rental Income *(see Note 2)*	20,500,000	30%
Public Programme Income *(see Note 3)*	2,500,000	4%
Fundraising, Membership and Donations Income *(see Note 4)*	700,000	1%
Hire Income *(see Note 5)*	30,000	0%
Admission Income *(see Note 6)*	-	0%
Government Subvention	-	0%
Publications and Merchandise Income *(see Note 7)*	-	0%

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Revenue item	Annual revenue, HKD	Proportion of total
Funding R-Scheme (this would be covered by annual funding from the Government) *(see Note 8)*	-	0%
Total	**68,730,000**	**100%**

Notes on assumptions:

▪ Note 1

Seed money will be provided to generate a stream of investment income, with the aim of the trust being self-financing without receiving Government subventions. There is no set requirement regarding the initial resources for the trust – in practice, the trust should operate with resources required to cope with the responsibilities and operational needs ultimately agreed. By way of illustration, a target investment income is set at HKD 45 million a year, which is slightly higher than the staff cost and related expenditure of the CHO at present. Assuming a 5% return a year, the seed money required will be in the order of HKD 900 million. 5% is equivalent to approximately 2.5% premium above the 10-year HKSAR Government bond coupon rate of 2.46% as at September 2012[21]. For comparison, in 2011/12 the Hong Kong Jockey Club's long term investments (HKD 19 billion) carried a weighted average effective interest rate of 4.57%, whilst investments held to fund charitable projects (HKD 7 billion) carried a weighted average effective interest rate of 4.94%[22].

▪ Note 2

By way of illustrative example, the income from two possible heritage buildings (e.g. Old Peak Café and Old Stanley Police Station) could generate significant income (HKD 20.5 million a year in 2012). The trust could be given delegated authority to monitor and manage such properties, and negotiate terms for renewals (in liaison with relevant Government Departments). In addition, the trust might receive shared income from revitalised historic buildings – the PMQ project[23] is an example of a potentially revenue-generating property, with the intention for net operating surplus arising from operation to be shared between the selected operator and Government every five years on a 50/50 basis. However, net rental income from PMQ and other heritage buildings managed by NPOs is assumed to be minimal.

▪ Note 3

Education and public programmes such as workshops, seminars and exhibitions will generate income but the cost of running these programmes is expected to be significantly higher than income generated. Given an assumed budget of HKD 10 million, revenue is assumed to be HKD 2.5 million, i.e. a quarter of the cost. These figures are provided for illustrative purposes – more

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[21] Daily Government Bond Closing Reference Rates http://www.hkgb.gov.hk/en/statistics/statistic.html

[22] Hong Kong Jockey Club 2011/12 Annual Report

[23] Former Police Married Quarters on Hollywood Road, which is one of the eight projects under the "Conserving Central" initiative announced by the Chief Executive in his 2009-10 Policy Address. For further details, see
http://www.devb.gov.hk/en/publications_and_press_releases/press/index_id_5899.html

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robust estimates can be derived once there is more detailed business planning, including planning of events.

For comparison:

- Ocean Park Conservation Foundation's programme income was HKD 1.1 million, and direct costs of programme were HKD 0.8 million, in 2010/11;

- Hong Kong Arts Centre – expenditure on projects HKD 4.7 million, income from projects HKD 1.2 million; expenditure on courses HKD 18.3 million, income from courses HKD 26.1 million in 2010/11; and

- Hong Kong Arts Development Council – Pro-active projects on arts education and promotion initiated by the Council: HKD 17.5 million in 2010/11; project grants on arts education and promotion: HKD 4.3 million in 2010/11

It is expected the public programmes will provide concessions to students (and the elderly) like other public programmes in Hong Kong. See also Note 2 to Table 6-2.

- Note 4

   This figure is derived by adding estimated membership income of HKD 200,000 to estimated fundraising / donations income of HKD 500,000.

   Annual membership assumes an average annual fee of HKD 200 x 1,000 members = HKD 200,000. This will include contributions from both corporate members and individual members.

   International and local references for comparison, for annual membership fees:[24]

   - UK National Trust: individual membership 53 GBP (HKD 662), and family GBP 93 (HKD 1,162).

   - Heritage Canada Foundation: individual membership CAD 40 (HKD 318), organisations CAD 150 (HKD 1,191).

   - National Trusts of Australia: individual membership AUD 100 (HKD 810), households AUD 130 (HKD 1,054).

   - Penang Heritage Trust MYR 60 (HKD 151) for ordinary members MYR 5000 (HKD 12,567) for corporate members.

   - English Heritage GBP 49 (HKD 612) for individuals.

   - Asia Society Hong Kong HKD 1,600 for individuals; HKD 2,500 for family; HKD 25,000 for corporate.

   - Hong Kong Heritage Foundation HKD 500 for individuals; HKD 3,000 for corporate.

   In addition, as an indication of potential membership and volunteer interest, it may be noted that apart from payroll staff AMO invites members of Friends of Heritage (FoH) or Young Friends of Heritage (YFoH) to assist in educational activities as volunteers on a need basis. About 700 persons have enrolled as FoH and some 180 secondary school students have joined as YFoH since

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[24] Exchange rates are as at 13th September 2012 using http://www.xe.com/ucc/ :MYR 1 = HKD2.51342; GBP 1= HKD12.4938; CAD 1 = HKD 7.94225 ; AUD 1 = HKD 8.10344

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the launch of the schemes. Many FoH and YFoH have participated in AMO's programmes as volunteers.[25]

Local references for comparison, for membership / donation income:

- Lord Wilson Heritage Trust – HKD 0.06 million in 2011 (donation income)

- Hong Kong Ballet – HKD 1.2 million in 2010/11 (donations and sponsorship, plus surplus from fundraising activities)

- Hong Kong Arts Centre – HKD 8.6 million (donation income) in 2010/11

- Ocean Park Conservation Foundation, HK – HKD 11.5 million (donation income) in 2010/11

- The Hong Kong Philharmonic Society Limited – HKD 29.1 million (donations and sponsorship)

- World Wildlife Fund – Hong Kong (WWF-HK) – HKD 26.3 million (membership and donations from individuals), HKD 18.8 million (corporate donations), and HKD 4.5 million (fundraising events) in 2010/11.

- Red Cross – HKD 63.5 million in 2010/11 (general donations income)

- Tung Wah Group of Hospital – HKD 354 million in 2011/12 (donation income).

Therefore there are precedents for membership organisations, donations and sponsorship in Hong Kong.

- Note 5

    It is assumed that the trust will occupy a Government-owned heritage building which has some facilities for hiring (e.g. function rooms or spaces for events). The new trust would earn a small sum of hire income (HKD 30,000) from leasing out its spaces (100 hires x average HKD 300 per hire). For other heritage buildings, it will be likely that they are rented to others or operated by social enterprises of R-Scheme. Therefore, the hire income from facilities may be counted as others' operating income (e.g. the PMQ case) but not as the trust's income.

- Note 6

    Admission income to the trust is likely to be minimal, given the small number of properties expected to be held by the trust and the great majority of them are likely to admit free of charge.

- Note 7

    Whilst some international heritage organisations report significant revenues (e.g. National Trust Australia (NSW)) estimated AUD 657,000 (HKD 5.3 million) [26] revenue from merchandising in 2010[27]), it is not expected that these revenue sources would be significant for a trust in Hong Kong.

- Note 8

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[25] Interview with AMO on 24 April 2012.

[26] Exchange rate as at 13th September 2012 using http://www.xe.com/ucc/ : AUD 1 = HKD 8.10344

[27] National Trust of Australia (NSW) – Annual Report 2009/10

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Capital works for public heritage buildings and funding for R-scheme will continued to be funded by Government

6.4.2 Potential Costs

The trust is anticipated to be self-financing, with annual expenditure and revenue of about HKD 70 million a year. Table 6-2 sets out the anticipated expenditures of the trust.

Table 6-2   Estimates of Expenditures of Trust[28]

Cost item	Annual cost, HKD	Proportion of total
Staff Cost*(see Note 1)*	32,390,000	49%
Education and Public Programme Costs *(see Note 2)*	10,000,000	15%
Funding F-Scheme *(see Note 3)*	10,000,000	15%
Professional Fees / Consultancy Studies *(see Note 4)*	5,000,000	8%
General and Administrative Costs *(see Note 5)*	3,916,800	6%
Marketing and Publicity *(see Note 6)*	2,000,000	3%
Occupancy Costs *(see Note 7)*	1,920,001	3%
Cultural Exchange and International Networking *(see Note 8)*	1,000,000	1%
Fundraising Costs *(see Note 9)*	150,000	0%
Compensation for Board Members *(see Note 10)*	0	0%
Funding R-Scheme (this would be covered by annual funding from the Government) *(see Note 11)*	0	0%
Total	**66,376,801**	**100%**

The above does not take account of the one-off costs of absorbing Government employees into the new structure. Further breakdowns of staff costs and occupancy costs are provided in Appendix 6, Tables A6-1 and A6-2 respectively.

Notes on assumptions:

▪ Note 1

Salaries and benefits shown are best estimates based on current private sector practice. A further breakdown of staff costs is provided in Appendix 6, Table A6-1. In addition to the setting up of in-house teams to carry out / support the trust's functions, some of the non-core works may be totally or partially outsourced so as to maintain an appropriate size of workforce for the trust to deliver its functions effectively and efficiently. Thus, the overall staff cost, and breakdown in Table A6-1, are recommended for reference, noting

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[28] Figures are rounded for easy presentation

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that in practice there should be flexibility to substitute posts / teams with outsourced services.

- Note 2

  For reference, the existing annual budgets for education and publicity for CHO and AMO are about HKD 3.5 million and HKD 3.8 million respectively. It is assumed the activities of the trust would expand on this. For further references, see Note 3 to Table 6-1 above.

- Note 3

  This represents a slight increase on the existing budget for F-scheme which is about HKD 6-7 million per year.

- Note 4

  This is equivalent to about 10 - 20 small assignments. For reference, LWHT grants (heritage research or presentations) were HKD 1.2 million in 2011.

  Activities / projects include[29]:

  - Conservation plan for the Helena May;

  - Production, Publication and Promotion of: An Illustrated Guide to Chinese Heritage and Architecture in Hong Kong;

  - Surveying and Documenting the Underwater Heritage of Hong Kong – Stage 1;

  - Industrial Heritage in Hong Kong: A Pilot Study;

  - Study of the Three Water Services Historical Buildings at the Hong Kong University Centennial Campus Site; and

  - Barrier-free Heritage Travel Guide 2010.

  - Repair Works to Chinese Tiled Pitch Roofs for Historical Building

  - Maintenance of Lam Tsuen Tin Hau Temple; and

  - St Stephen's College Heritage Gallery – Exhibition and Heritage Conservation.

- Note 5

  General and administrative costs will be 12% of staff cost. This assumption used for WKCDA financial analysis. For comparison the equivalent figure for Hong Kong Arts Centre (50 staff) was 11% in 2010/11[30] .

- Note 6

  Comparables for marketing / publicity budgets:

  - Hong Kong Arts Development Council: HKD 0.08 million in 2010/11 (marketing expenses);

  - Hong Kong Museum of Art: HKD 4.1 million in 2011/12 (publicity); and

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[29] Lord Wilson Heritage Trust 2010/2011 Annual Report   http://www.lordwilson-heritagetrust.org.hk/pub/10-11.pdf

[30] Estimated based on expenditure figures presented in Annual Report (auditor's remuneration, insurance, printing and stationery, staff recruitment expenses, telephone and postage of HKD 2.4 million) / (salaries and allowances of HKD 21.3 million)

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- Heritage Museum: HKD 4.7 million in 2010/11 (publicity)

- Note 7

  It is assumed that the trust will occupy a space of 1,000 m^2 in a heritage building leased from the Government at nominal rent. This assumes the new organisation will have about 40 staff and a limited number of function rooms or spaces for rental. Assuming a worker density of 25 m^2 Gross Floor Area (GFA) per employee[31], the office size is in the order of 1,000 m^2. Occupancy costs will include rates (rateable value of HKD 200 per m^2 per month), utilities (HKD 50 per m^2 per month), security and cleaning (HKD 50 per m^2 per month) and other occupancy costs such as building maintenance, supplies and equipment (HKD 50 per m^2 per month). A further breakdown is provided in Appendix 6 Table A6-2.

- Note 8

  This is equivalent to about 60 trips per year, under the following assumptions

  - Average airfare: HKD 10,000;

  - Average accommodation cost: HKD 5,000; and

  - Local travel and per diem: HKD 1,500

  For reference, Hong Kong Arts Centre spent HKD 0.8 million on hospitality and travelling in 2010/11.

- Note 9

  Fundraising costs will be 30% of fundraising income, i.e. HKD 150,000. For comparison, local references for ratio of fundraising costs to income[32]:

  - WWF Hong Kong: 9%;

  - Hong Kong Sinfonietta: 10%;

  - Oxfam Hong Kong: 11%; and

  - Conservancy Association: 17%

- Note 10

  This follows common practice. For LWHT and other similar statutory bodies, there is no provision for Board Chairman and members to claim their expenses for work, except for a member who is not a resident of Hong Kong and who is required to travel to Hong Kong for attending Board meetings.

- Note 11

  Capital works for public heritage buildings and funding for R-scheme will continued to be funded by Government

6.5   Adjustments to Government's Roles and Responsibilities

The proposed trust will take over some of the existing roles and functions of the CHO but some functions currently undertaken by the CHO, AMO, AAB and the

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[31] Hong Kong Planning Standards and Guidelines Chapter 5: worker density for business use is 20 to 25 m^2 GFA per employee

[32] http://www.theidonate.com. The 30% assumption is considered appropriate for a new start-up organisation which needs more marketing and publicity efforts to attract donations. The examples provided are organisations with well-established history in fundraising.

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relevant Government departments are to remain unchanged after the establishment of the trust. The delineation of responsibilities between the proposed heritage trust and Government must ensure overall coverage of the existing range of functions of Government, whilst avoiding duplication of work responsibilities. The delineation of responsibilities is summarised as follows:

Table 6-3: Division of Responsibilities between the Government and Heritage Trust

Responsibilities	Government	Heritage Trust
Funding of F-Scheme projects		✓
Funding of R-Scheme projects	✓	
Roles and functions of the ACRHB		✓
Supervision of F-Scheme projects		✓
Implementation of R-Scheme projects		✓
Education and Public Programme		✓
International Networking		✓
Roles and functions relating to HIA	✓	
Grading of historic buildings	✓	
Provision of economic incentives for the conservation of privately-owned historic buildings (e.g. execution of land exchange, relaxation of development parameters)	✓	
Performance of statutory functions under the A&MO (Cap 53)	✓	
Roles and functions of the AAB to provide advice to the Government and the powers of the AA	✓	

6.5.1 Interface between Trust and AMO

At present, it is envisaged that AMO would continue to discharge most of its existing functions. AMO would continue to lead on approval of HIAs, although the trust might provide additional input to this process in an advisory capacity.

There are two areas which may be transferred from AMO to the trust. The first of these is the responsibilities of the Education and Publicity Section of AMO to promote and enhance public awareness of Hong Kong's heritage. The main duties of the Section are:

a) To promote and enhance the public's interest and awareness of heritage through:

- organising exhibitions, guided tours, lectures, workshops and conferences,

- establishing heritage trails and providing adequate visitor facilities and environmental improvements,

- assisting the District Councils in publishing heritage related publications and arranging heritage related activities such as training of tourist ambassadors;

- installing plaques and other means to commemorate and highlight sites

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and locations relating to important historical events and figures, and places where well-known buildings once stood; and

- co-ordinating with outside organisations in promoting public awareness of heritage preservation.

b) To promote the knowledge of heritage in schools through:

- collaborating with Education Bureau and other educational tertiary institutions to promote the study and understanding of heritage;

- producing audiovisual programmes, CD-ROM and web pages on heritage, publishing information pamphlets, guide maps, worksheets, excavation reports and other literature;

- arranging heritage related activities such as lectures, workshops and tours for the teachers and students to enhance their awareness of Hong Kong's heritage;

- maintaining and developing professional standards in heritage study; and

- organising Young Friends of Heritage Scheme to provide heritage related training to the participants who are secondary students.

c) To encourage and stimulate private sector's involvement in heritage through organising activities like Friends of Heritage.

d) To enhance co-operation with local and overseas institutions including government agencies, professional bodies, overseas and Mainland cultural institutions, in order to promote heritage education through the organisation of cultural exchange programmes and international conferences.

Secondly, it is envisaged that elements of AMO's existing R-Scheme and F-Scheme responsibilities would be transferred to the trust. Tables 6-4 and 6-5 summarise the existing, and possible future, division of responsibilities for the R-Scheme and F-Scheme, respectively.

Table 6-4: R-Scheme: Existing and Possible Future Division of Responsibilities

	Current	Future
Selection of appropriate Government properties	CHO	Government (responsible office will be designated)
Assist preparation of documents to invite applications from NPOs	CHO with support from AMO, Architectural Services Department (ArchSD), BD	Trust with support from AMO, ArchSD, BD
Selection of NPO	ACRHB	Trust
Secure funding approval from LegCo	CHO	Government (responsible office will be designated)
Oversee capital works	CHO with support from AMO, ArchSD, BD	Trust with support from AMO, ArchSD, BD
Monitoring, after completion of works	CHO	Trust
Promotion of R-Scheme	CHO	Trust

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Table 6-5: F-Scheme: Existing and Possible Future Division of Responsibilities

	Current	Future
Secure funding	CHO	Trust (potentially through its endowment and other revenues)
Process applications	CHO with support from AMO, ArchSD, BD	Trust with support from AMO, ArchSD, BD
Approve applications	CHO	Trust
Monitoring of maintenance works	CHO	Trust
Promotion of F-Scheme	CHO	Trust

6.5.2 Interface between Trust and Other Parts of Government

On the basis of the preceding analysis, it is envisaged that:

▪ CHO's conservation and public affairs functions would be transferred to the trust. The responsibility of CHO for supporting the AA in discharging statutory duties under the A&M Ordinance would be transferred to a policy bureau.

▪ AAB would continue to play the same role as currently.

▪ ACRHB's responsibility for preliminary approval of R-scheme applications could be transferred to the trust.

▪ LWHT would work alongside the new trust, continuing to perform the functions as provided under the LWHT Ordinance [Cap 425]; Rationale:

- International experience suggests that it would be beneficial to have multiple players, to help create a critical mass of interest in heritage conservation. A new trust would need to co-ordinate closely with LWHT to ensure that there is no duplication of efforts, particularly in regard to research and educational activities.

- It is considered that LWHT fulfils a specific and meaningful purpose, particularly with regard to the funding of academic studies and heritage publications, to which its structure is well suited. Therefore LWHT should continue to operate as originally envisaged with a new entity being established to deliver the range of responsibilities and activities envisaged in this Report.

▪ ArchSD's Heritage Unit would continue to play their current role. This would include providing technical advice to the trust on the R-Scheme, and F-Scheme (e.g. ensuring level of assistance is commensurate with the amount of repair / maintenance work proposed).

▪ BD would also play the same role as currently. This would include providing technical advice to the trust, e.g. on building rehabilitation works.

▪ Regarding the potential transfer to the trust of public properties (e.g. Old Peak Café, the Old Stanley Police Station, and R-Scheme properties), it may prove more efficient to hand the trust delegated authority to monitor / manage and negotiate terms for renewals (in liaison with relevant Government Departments), rather than to vest the properties with the trust.

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6.6   Implementation Plan

Before implementation of the trust a consultation process should be conducted and the necessary policy support should also be obtained from the relevant Government authorities.

With reference to the experience of establishing other statutory bodies in Hong Kong, it is expected that at least three years will be taken from the completion of the consultancy study to complete the process of establishing the trust.

Overall, the implementation of the trust will require the following steps:

Pre-implementation: Consultation and obtaining policy support:

i.   Presenting the proposal to the Administration for their thorough deliberation;

ii.   Holding discussions with the relevant stakeholders to gauge their views and expectations on the proposed heritage trust;

iii.   Conducting a public consultation exercise on the proposed heritage trust;

iv.   Analysing the views collected during the public consultation exercise and compiling the Government's response to the public views collected;

v.   Finalising the details of the proposed heritage trust taking into account the views collected during the public consultation exercise and obtaining the necessary policy support; and

vi.   Briefing the relevant LegCo Panel on the outcome of the consultation exercise and the Government's proposed way forward.

Implementation:

i.   Appoint a project Steering Group – this should be led by Government but include other experts and potential leaders, so as to establish the arms-length principle.

ii.   Set up the legal framework – develop the Heritage Trust Ordinance and have it passed by LegCo.

iii.   Appoint a Chairman and key Board members – this can be arranged as the legal process unfolds.

iv.   Agree initial organisation structure and budget with all relevant parties. The necessary funding and properties to be vested should be secured for the initial set up of the proposed heritage trust.

v.   Agree commencement date and arrange premises (and office equipment and information technology) to be available.

vi.   Recruit key executives – this is likely to take at least six months for each appointment, and can be phased. Early recruits need to be the CEO and Finance and Administration Director.

vii.   Consider the intake of staff from Government – consider the issues of moving to the "private sector". Review who is best suited to come and who is not.

viii. Plan the handover of accountability from Government to the trust. There should be discussions on transitional arrangements with the relevant B/Ds.

ix.   Recruit other managers and staff as needed.

Fig. 6-2 below sets out an indicative timeline for implementing each of these steps, over a 3-year programme. It is envisaged that the process of consultation and obtaining policy support mentioned would take at least one year; subsequently, the

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implementation process would last about two years. After this point, the trust would discharge its full range of functions.

Fig. 6-2:   Indicative Timeline for Implementation / Transition

Task – columns by month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
Deliberation of the proposal	■																																			
Discussions with stakeholders		■																																		
Public consultation exercise			■	■	■																															
Analyse views collected during public consultation exercise						■	■																													
Finalise details of proposed heritage trust								■																												
Obtain policy support									■	■																										
Brief relevant LegCo Panel											■	■																								
Steering group													■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Legal framework													■	■	■	■	■	■	■	■	■	■	■													
Appoint Chairman																								■	■	■	■									
Agree organisation and budget																										■	■	■	■							
Arrange premises																												■	■	■	■					
Recruit CEO and FD																														■	■		■	■		
Consider intake of Government staff																														■	■	■	■	■	■	
Plan accountability handover																																	■	■	■	
Recruit other managers																																		■	■	■

6.7   Transition Plan

Some of the trust's functions will be "new": financial management, membership and volunteering, and some elements of public information and communications. Other functions would be transferred from Government: education, research and technical studies, conservation and public affairs.

One approach is to hand over the existing tasks at once and build the rest around them. Another is to build the new activities and then hand over the existing ones. The former has the advantage that there will be something tangible for the team to do and to justify the trust's existence from day one; the latter has the

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advantage of being able to create something new without excessive reference to the past.

The GHK Team's view is that the trust is likely to be best served by having functions and people from day one (i.e. from three years, following the timeline set out in Fig. 6-2). However, it will be important to ensure that those moving permanently to the trust, or on short-term secondment, are carefully chosen and fully understand the trust objectives, to help establish the functions of the trust and to provide some continuity. The precise details of the sequencing of set-up will require careful analysis and thorough review by the trust's Chairman and CEO. There should be discussions on transitional arrangements with the relevant B/Ds.

Regarding timing of the transfer of responsibilities from CHO to the trust:

- It is assumed that, before the trust begins operations, the Chairman and key Board members, the CEO and Finance and Administration Director will all be in place. It would be advantageous if the Communications, Conservation and Education Directors were also recruited by day one.

- The Finance and Administration Director and a small team working closely with (or seconded from) the Government would take accountability for commissioning and equipping core office space so that it is available from the start of the trust's operations.

- Since many of the professional team are on non-civil service contract terms and not permanent civil service terms, it is proposed that this team and function, subject to the caveat above, move to the trust's employment (under the Conservation Director) from day one. This will provide continuity to this important function.

- It is recommended that the key members of the Education Team (though not necessarily the Communications team) also move to the trust from day one – these would include staff working on educational duties both at CHO and at AMO. To the extent that they are employed at present on civil service terms, it may be better for them to be seconded for, say, the first year until the trust can establish its own team and policies. Where individuals are suitable and would like to transfer to the trust's employment, they could opt for this.

- Administration of leases of properties to be vested may well stay with the Government for some time depending on the circumstances. Since they would provide the trust's main source of income initially, there is merit in their being administered by the trust (albeit the legal position would need to be examined).

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7   CONCLUSION

The Government of Hong Kong strives to improve the effectiveness of heritage conservation in Hong Kong. It has specified that in implementing heritage conservation, "due regard should be given to development needs in the public interest, respect for private property rights, budgetary considerations, cross-sector collaboration and active engagement of stakeholders and the general public."

Against a backdrop of intense pressure to redevelop Hong Kong, recognition that civil society and the private sector are gaining roles to play in safeguarding heritage, and the persistence of a community interest in saving the city's historic resources, a consultancy study on the feasibility, framework and implementation plan for setting up a statutory heritage trust in Hong Kong has been completed.

The GHK Team reviewed the current conservation efforts and challenges, examined overseas approaches of operating heritage trusts and proposed a preliminary framework and implementation plan for setting up a statutory heritage trust.   The Team's observation is that a well-designed heritage trust could potentially respond to some of the institutional, legal and administrative challenges highlighted in Section 2 of this Report. Through the analysis of the needs of Hong Kong, in-depth discussions with Government representatives and other knowledgeable sources, and review of good practice demonstrated by other international bodies, it has been possible to identify key attributes of a new heritage trust likely to be practical in the context of Hong Kong. These are presented in Sections 5 and 6 and cover institutional, legal, financial and other matters.

Overseas experience demonstrates that in regard to social factors, the trust would be a further step towards giving higher recognition to "vernacular architecture" and related intangible heritage. The trust's programme of community outreach, education, and public information would contribute to placing more value on the heritage of Hong Kong. As a membership organisation, the trust could also be an example of civil society taking action and could help to promote a membership culture. A well-run trust would demonstrate the benefits to be derived from becoming a member.

The establishment of a trust could be a sign that Government is willing to explore innovative approaches to using heritage assets and alternative models of conservation in a more active and engaging manner. Although the proposed heritage trust is unlikely to have a significant impact on market pressures for redevelopment of historic areas, the projects carried out under the trust may provide models of innovative adaptive reuse and good planning that could suggest new solutions to developers. It would also encourage public discussion about urban issues in Hong Kong and what role heritage plays in the quality of the built environment.

Potentially, a new heritage trust could also play a role in demonstrating the social, environmental and urban benefits of bringing heritage properties into new and creative uses, for example, creating new spaces for educational activities or fitting out an historic building with energy saving systems to showcase good practice in environmentally sustainable building. In parallel, the communications and publications programme of the new heritage trust could reinforce these experiences and share them with a larger audience, both in Hong Kong and internationally. It would also contribute to the quality of urban life by protecting distinctive and purely vernacular attributes to enrich Hong Kong's urban fabric.

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A heritage trust, as opposed to a Government entity, would be more likely to have an entrepreneurial approach and to recruit staff with appropriate private and voluntary sector experience. It would also enjoy the flexibility of a not-for-profit organisation, yet be staffed with highly qualified professionals. This flexibility would allow it to develop relationships with the private sector, respond to changing circumstances, and attract a group of concerned members of the public. Ideally, through efficient management and a realistic business plan, the trust could be expected to make only modest demands on the government purse. Adopting a business approach, the trust could develop multiple sources of income, including membership, activities, and building rental.

However, the trust would, aside from its potential benefits, face certain potential risks and uncertainties, such as:

- Reduction in democratic legitimacy of Government policy and programmes;
- Cost of additional layer of bureaucracy; and
- Lack of membership and donation culture and resulting dependence on Government funding.

As noted in Section 3, it is not envisaged that a heritage trust could independently operate or take over entirely, some existing Government conservation programmes and measures. In practice, many of the current tools to preserve privately-owned historic buildings cannot be easily transferred to a statutory trust, for example, the discretionary use of planning tools and economic incentives that may have wider implications on public money. Moreover, it is not expected that a trust would be able to address directly the issue of the narrow scope of the legislative framework.

The use of public money to preserve privately-owned historic buildings requires consensus among stakeholders. A trust could potentially help informing future policy direction on conservation of privately-owned historic buildings, and on issues such as: whether public money should be used for paying compensation to private owners for conserving historic buildings, and if so, under what circumstances and criteria; whether a standardised mechanism should be set for providing economic incentives to owners; and whether planning tools should be used to advance heritage conservation. However, a trust is not likely, at least in the short term, to address fully the complexities involved in preserving privately-owned heritage buildings.

Membership organisations serving social purposes are also not common in Hong Kong. Experience from international heritage membership organisations underscores the fact that most have begun with a small group of committed members that later grew to a sizeable membership through various means. Therefore, membership building would require substantial time and continuous effort by the trust through innovative and attractive programmes to attract and retain memberships. Financially, it implies that a trust would still require substantial Government support during its infancy. It may be expected that funding for major projects, such as R-Scheme, potentially a substantial part of the budget of the proposed heritage trust, would require bids to be submitted to Government. However, there is competition for Government funding, which could limit the amount of tasks a trust can take on.

Realistically, a trust's work would face challenges and uncertainties from intense market pressure for redevelopment that run counter to wider heritage conservation objectives. Owners' reluctance to have their properties graded due to perceived negative impact on property value and development potentials are likely to persist given the acute scarcity of land in Hong Kong.

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On balance, a trust could potentially bring alternative approaches that supplement current Government efforts in preserving Hong Kong's heritage, but it could not replace Government's role entirely. A new heritage trust might be met by some skepticism in Hong Kong in view of the existence of the LWHT and several Government departments that deal with built heritage. However, it is the view of the GHK Team that, if strong support from the community exists, a well-designed and resourced heritage trust, tasked according to the principles set out in the preceding sections, could play a differentiated and positive role in engaging the community to promote heritage assets and need not duplicate existing entities. Over time, and hopefully with good results achieved by a trust, this could lead to strengthening of Hong Kong's heritage protection.

The GHK Team has provided the analysis and tools to begin the process of establishing a heritage trust in Hong Kong. In view that support from all the stakeholders and the public at large will be crucial to the success of the trust, extensive consultations should be conducted on the establishment of the trust in the first instance. If a trust is to be established, Hong Kong would need to think longer term, and have reasonable expectations for and practical delegation of responsibilities to a new heritage trust.

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APPENDIX 1: HERITAGE CONSERVATION IN HONG KONG: EVOLUTION TO EXISTING FRAMEWORK

1.1 Introduction

This Appendix provides an overview of the current landscape of heritage conservation in Hong Kong, summarising policy initiatives / legal framework and their evolution, and the key players and their responsibilities in heritage conservation. It takes stock of Hong Kong's heritage assets (declared monuments and graded historic buildings), and provides an indication of the current level of resource dedicated to heritage conservation by key players.

1.2 Current Heritage Conservation Policy & Practices

1.2.1 Policy Statement

In the 2007/08 Policy Address delivered on 10 October 2007, the Chief Executive announced a range of initiatives on heritage conservation. On 11 October 2007, the Government issued a Legislative Council Brief on "Heritage Conservation Policy" which sets out a policy statement to be adopted to guide the Government's heritage conservation work. The following is the policy statement on heritage conservation[1]:

"To protect, conserve and revitalise as appropriate historical and heritages sites and buildings through relevant and sustainable approaches for the benefit and enjoyment of present and future generations. In implementing this policy, due regard should be given to development needs in the public interest, respect for private property rights, budgetary considerations, cross-sector collaboration and active engagement of stakeholders and the general public."

The above statement would guide the heritage conservation work of the Government[2].

1.2.2 Key Policy Initiatives

The Legislative Council Brief issued by the Government on 11 October 2007 on "Heritage Conservation Policy" also presented further details of those heritage conservation initiatives to conserve built heritages announced by the Chief Executive in his 2007/08 Policy Address[3]. A description of the initiatives is provided below.

Adaptive Re-use of Government-owned Historic Buildings

Adaptive re-use of Government-owned historic buildings is implemented through the Revitalising Historic Buildings Through Partnership Scheme (R-Scheme for short). The objectives of the R-Scheme are to[4]:

- Preserve and put Government-owned historic buildings into good and innovative use;
- Transform historic buildings into unique cultural landmarks;

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[1] http://www.heritage.gov.hk/en/heritage/statement.htm

[2] Legislative Council Brief DEVB(CR)(W) 1-55/68/01

[3] LC Paper No: CB(2)637/07-08(01)

[4] LC Paper No. CB(1)1116/11-12(03)

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- Promote active public participation in the conservation of historic buildings; and
- Create job opportunities, in particular at the district level.

Under the R-Scheme, non-profit-making organisations (NPOs) are invited to submit proposals to revitalise selected Government-owned buildings in the form of social enterprises. A dedicated advisory committee (Advisory Committee on Revitalisation of Heritage Buildings, ACRHB, see Section 1.5.3 of this Appendix for details) was established to assess the applications in accordance with a marking scheme consisting of the following five assessment criteria:

- Reflection of historical value and significance;
- Technical aspects;
- Social value and social enterprise operation;
- Financial viability; and
- Management capability and other considerations.

Where justified, the Government will provide financial support including:

- A one-off grant to cover the cost of major renovation to buildings, in part of in full;
- Nominal rental for the buildings; and
- A one-off grant to meet the starting costs and operating deficits (if any) of the social enterprise for a maximum of the first 2 years of operation at a ceiling of HKD 5 million, on the prerequisite that the social enterprise proposal is projected to become self-sustainable after this initial period.

Financial Assistance for Maintenance of Privately-owned Graded Historic Buildings

To help arrest privately-owned graded historic buildings from deterioration due to lack of maintenance, the Government introduced the Financial Assistance for Maintenance Scheme (F-Scheme) to provide financial assistance in the form of grants to owners of privately-owned historic buildings for them to carry out minor maintenance works by themselves[5].

The amount of grant (maximum of HKD 1 million) for each successful application will be determined based on the justifications provided by the applicant.

The approval of financial support to each application would be subject to the decision of a vetting panel comprising of representatives from the Commissioner for Heritage's Office (CHO), the Antiquities and Monuments Office (AMO) and the Architectural Services Department (ArchSD).

The vetting panel will consider the following criteria for the approval of the application:

- Degree of public access allowed for appreciation;
- Benefits of the maintenance work to the community in terms of heritage conservation; and
- Urgency of the proposed maintenance works.

As pre-requisite conditions for accepting the grant, building owners are required to agree to a number of conditions, including not to demolish the buildings, not to transfer the ownership of the buildings and to allow reasonable public access to the

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[5] http://www.heritage.gov.hk/en/maintenance/about.htm

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building for appreciation within an agreed period of time after completion of the maintenance works.

Economic Incentives for Conservation of Privately-owned Historic Buildings

Government recognises that on the premise of respecting private property rights, there is a need for providing appropriate economic incentives to facilitate the conservation of privately-owned historic buildings, for example through provision of land exchange, or transfer of development rights. However, the implementation of this initiative is complex and stretches across different areas such as planning, lands and building control. As each case is unique in itself, therefore, the Government adopts a case-by-case approach[6].

Heritage Impact Assessment (HIA)

For all new public works projects, the project proponents and works agents are required to consider whether their projects will affect sites or buildings of historic or archaeological significance (collectively known as "heritage sites")[7]. If the answer is in the affirmative, then an HIA is needed and mitigation measures must be devised to the satisfaction of the AMO. Projects can be refused or amended to avoid identified impacts on heritage[8].

1.2.3   *Built Heritage Conservation Practices*

Internal Monitoring Mechanism

Government has an internal mechanism to monitor any demolition of / alterations to monuments / proposed monuments or graded buildings / buildings proposed to be graded. Under the mechanism, the Buildings Department (BD), Lands Department (LandsD) and Planning Department (PlanD) will alert the CHO of the Development Bureau (DevB) and the AMO regarding any identified possible threat to privately-owned sites of archaeological interests, monuments and historic buildings that have been brought to the departments' attention through applications and enquiries received and in the normal course of duty such as regular inspections. District Offices under the Home Affairs Department also assist in informing the CHO and the AMO if their staff notice any demolition of / alterations to monuments / proposed monuments or graded buildings / buildings proposed to be graded in their normal course of duty.

Ways to Preserve Built Heritage under Private Ownership

There are various ways to protect and conserve declared monuments and historical buildings in Hong Kong. This section summarises the different ways to preserve built heritage under private ownership.

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[6] LC Paper No. CB(1)1116/11-12(03)

[7] http://www.heritage.gov.hk/en/impact/index.htm

[8] Development Bureau Technical Circular (Works) No.6/2009

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Table A1-1   Ways to Preserve Built Heritage under Private Ownership

Ways to Preserve	Description	Example
Acquisition	Government acquires ownership of the heritage building / site	Kom Tong Hall at 7 Castle Road, Mid-levels
Transfer of development rights	The owner is granted development rights on another site(s) he/she owns, in return for giving up development rights on the heritage site.	Hong Kong Sheng Kung Hui Compound at Lower Albert Road in Central
Non in-situ land exchange	Owner surrenders heritage building / site to Government and is granted lot of similar development parameters for private development, which may or may not be adjacent to the heritage site / building concerned.	King Yin Lei at 45 Stubbs Road, Hong Kong
Preservation-cum-development within the same lot	A lease modification or relaxation of development parameters to allow the owner to proceed with development within the same lot as the heritage building is located.	Jessville at 128 Pok Fu Lam Road

1.3   Legal Framework for Heritage Conservation

1.3.1   *Antiquities and Monuments (A&M) Ordinance [Cap 53]*

The A&M Ordinance came into effect in 1976 for the preservation of objects of historic, archaeological and palaeontological interest and for matters ancillary thereto or connected therewith. The A&M Ordinance also provides for the establishment of an Antiquities Advisory Board (AAB) to advise the Antiquities Authority (AA) on any matters relating to antiquities, proposed monuments or monuments or referred to it for consultation.

It does not establish a legal definition of "heritage", albeit this could imply cultural, intangible, natural or man-made heritage. However, within the jurisdiction of DevB, heritage generally refers to tangible heritage including buildings of historical or architectural interest and sites of archaeological interest.

The A&M Ordinance provides power for the AA to declare a place, building, site or structure to be a proposed monument, proposed historical building, or proposed archaeological or palaeontological site or structure. In accordance with Section 3 of the A&M Ordinance, the AA may, after consultation with the AAB and with the approval of the Chief Executive, by notice in the Gazette, declare any place, building, site or structure, which the AA considers to be of public interest by reason of its historical, archaeological or palaeontological significance, to be a monument, historical building or archaeological or palaeontological site or structure. Monuments are subject to statutory protection provided under the A&M Ordinance. Pursuant to Section 6 of the A&M Ordinance, the protection includes prohibition of any excavation, carrying on building or other works on the monument, and any action to demolish, remove, obstruct, deface or interfere with the monument unless a permit is granted by the AA.

Apart from the statutory framework under the A&M Ordinance, there is also an internal administrative Grading System for historic buildings under the AAB, in which the AAB, having regard to the assessments of the heritage value of individual historic buildings by an independent expert panel and the views and additional

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information received from members of the public and the owners of the buildings concerned during the public consultation exercise, has accorded Grade 1, Grade 2 and Grade 3 status to individual historic buildings.

Under this Grading System[9]:

- Grade 1 buildings are buildings of outstanding merit, which every effort should be made to preserve if possible;

- Grade 2 buildings are buildings of special merit, efforts should be made to selectively preserve; and

- Grade 3 buildings are buildings of some merit, preservation in some form would be desirable and alternative means could be considered if preservation is not practicable

As the Grading System is administrative in nature, it does not provide historic buildings with the same statutory protection as declared monuments currently enjoy. However, this administrative grading system provides an objective basis for determining the heritage value, and hence the preservation need, of historic buildings in Hong Kong. While an administrative Grade 1 status does not automatically accord statutory protection to the heritage building concerned, the list of Grade 1 buildings forms a "pool" of highly valuable heritage buildings for consideration by the AA under the A&M Ordinance as to whether some of them may have reached the "high threshold" of monuments to be put under statutory protection[10].

TEXT BOX A1.1: Assessment Approach for Grading

The assessment goes through two stages. Under the first stage, buildings are assessed against six criteria, namely historical interest, architectural merits, group value, social value and local interest, authenticity and rarity. The scores of all buildings obtained at stage 1 are reviewed on a comparative basis using the following parameters:

(a) Historical – illustrating a particular historical development with a specific theme;

(b) Typological – being the key exemplars of particular building types and architectural styles; and

(c) Contextual – building group able to reflect the development of a settlement or cluster, and its social, cultural and economic lives.

Source: LC Paper No. CB(1)1347/08-09(08)

1.3.2 Environmental Impact Assessment (EIA) Ordinance [Cap 499] (hereinafter referred as EIAO)

The EIAO provides partial protection to heritage by referring to "site(s) of cultural heritage" under Schedule 1 of the Ordinance. "Site(s) of cultural heritage" is defined in the EIAO to mean an antiquity or monument, whether being a place, building, site or structure or a relic, as defined in the A&M Ordinance and any place, building, site, or structure or a relic identified by the AMO to be of archaeological, historical or palaeontological significance. Once a building / site is identified as a "site of cultural heritage", construction work partly or wholly within it can only proceed after statutory procedures under EIAO have been complied with and an environmental permit has been issued.

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[9] http://www.aab.gov.hk/en/built3.php

[10] AAB Paper No. AAB/78/2007-08

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1.3.3 Hong Kong Planning Standards and Guidelines

The Hong Kong Planning Standards and Guidelines (HKPSG) is a Government manual of criteria for determining the scale, location and site requirements of various land uses and facilities. It is to be applied in planning studies, preparation / revision of town plans and development control. The HKPSG aims to ensure an appropriate balance is struck between the various social, economic and environmental interests.

Chapter 10 of the HKPSG covers two key aspects of conservation namely nature conservation and heritage conservation. Under the HKPSG, heritage conservation is the protection of declared monuments, historic buildings, sites of archaeological interest and other heritage items, but in a wider sense implies respect for local activities, customs and traditions. The concept of heritage conservation is to conserve not only individual items but also their wider urban and rural setting as a way to preserve our cultural heritage. The HKPSG states that

"*in the planning process, efforts should be made to protect and preserve buildings of historical or architectural merits either in their own right or as an integral part of a group or series of buildings*"[11].

The HKPSG acknowledges that the Town Planning Ordinance [Cap. 131] does not have provisions for the protection of declared monuments, historic buildings, sites of archaeological interest and other heritage items. It is also generally not possible to indicate on the statutory town plans, anything other than the wider "use" in which these heritage items are located. However, the declared and proposed monuments, graded historic buildings and sites of archeological interest can be reflected on the relevant statutory town plans by stating them in the Explanatory Statements and that prior consultation with the AMO is necessary for any developments or rezoning proposals affecting these sites or buildings and their immediate environments.

Although the HKPSG are neither statutory nor rigid, the standards and guidelines included in the HKPSG may be included in the lease conditions or stipulated as a condition of planning permission granted by the Town Planning Board (TPB). The HKPSG's effectiveness depends on the proper understanding, flexible application and cooperation within the Government and similarly its application by developers through proper guidance from the Government[12].

1.3.4 Urban Renewal Authority Ordinance [Cap 563]

The Urban Renewal Authority (URA), established through the enactment of the Urban Renewal Authority Ordinance [Cap 563], is mandated to preserve buildings, sites and structures of historical, cultural or architectural interest[13].. Its approach to urban renewal is guided by the Urban Renewal Strategy (URS) as required by the Ordinance.

The URS is a Government strategy[14]. It is stated in the URS that a comprehensive and holistic approach should be adopted to rejuvenate older urban areas. The

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[11] Section 4.6.1, ch.10 of HKPSG http://www.pland.gov.hk/pland_en/tech_doc/hkpsg/full/index.htm

[12] Hong Kong Planning Standards and Guidelines Chapter 1

[13] Section 5 of the Urban Renewal Authority Ordinance [Cap 563]

[14] The 2011 version of the URS is the outcome of a review of the 2001 URS. The review was completed in 2010. http://www.ursreview.gov.hk/eng/home.html

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approach includes redevelopment, rehabilitation, revitalisation and heritage preservation (the 4R business strategy)[15].

It also states that one of the objectives of urban renewal is preserving buildings, sites and structures of historical, cultural or architectural value. It is also reinstated that heritage preservation should be part of urban renewal, and the URA should preserve heritage buildings if such preservation forms part of its urban renewal projects. Preservation should include[16]:

- Preservation and restoration of buildings, sites and structures of historical, cultural or architectural interests; and
- Retention of the local colour of the community and the historical characteristics of different districts.

The role of the URA is further discussed in Section 1.5.7 of this Appendix.

1.4 Heritage Assets

1.4.1 Declared Monuments

Number

The total number of declared monuments has increased substantially over the last two decades. In 1997, there were 65 declared monuments[17]. The number grew to 82 in 2007[18]. As at December 2012, there are 101 declared monuments[19 & 20].

Most of the declared monuments are found in the New Territories (48) and Hong Kong Island (36)[21].

Ownership

Out of the 101 declared monuments, 57 are owned by Government, 43 are privately owned, and 1 sits partly on private land[22 & 23].

Types

The majority of declared monuments are built monuments or structures (91). The remaining of the list of the 101 declared monuments are memorial stones (e.g. Memorial Stone of Shing Mun Reservoir), rock carvings (e.g. Wong Chuk Hang and Lung Ha Wan, Sai Kung) and archaeological sites (e.g. Stone Circle at Fan Lau, Lantau Island).

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[15] URS 2011 http://www.ursreview.gov.hk/eng/doc/New%20URS%20%28Eng%29.pdf

[16] URS 2011 http://www.ursreview.gov.hk/eng/doc/New%20URS%20%28Eng%29.pdf

[17] LC Paper No. CB(2)784(01)

[18] LC Paper No. CB(2)637/07-08(01)

[19] http://www.amo.gov.hk/form/DM_Mon_List_e.pdf

[20] It is noted that the AAB recommended the declaration of the Bethanie in Pok Fu Lam and the Cenotaph in Central as monuments on December 17, 2012. The number of declared monument WILL be increased to 103 in the early 2013.
http://www.heritage.gov.hk/en/doc/Heritage_Newsletter_28.pdf

[21] http://www.amo.gov.hk/form/DM_Mon_List_e.pdf

[22] Based on information provided by CHO, dated December 2011

[23] A rock carving in Cheung Chau

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Table A1-2   Profile of Declared Monuments

Features	Out of a total of 101 declared monuments	
By geographic distribution	Hong Kong Island	36
	Kowloon	9
	New Territories	48
	Outlying Islands	8
By types	Built monument / structure	91
	Archaeological / palaeontological features	10
By ownership	Government	57
	Private	43
	Others[24]	1

Source: CHO, December 2011; GPA, February 2012

1.4.2   *Graded Historic Buildings*

Since 2005, the AAB has been conducting systematic heritage assessments on 1,444 historic buildings (including 495 then already graded buildings) selected from 8,800 buildings over 50 years old in Hong Kong[25]. The 8,800 buildings were identified through a territory-wide survey on historic buildings done by the AMO during 1996 to 2000[26].

Total number

At December 2012, the total number of historic buildings on AMO's list was 1,444.

The latest number of graded items includes 160 buildings graded as Grade 1, 324 as Grade 2, and 447 as Grade 3. The remaining 513 are either being assessed or have been recommended no grading[27].

Some 51.18% of the graded historic buildings are found in the New Territories. Hong Kong Island takes up 30.40% of the share.

Ownership

The majority of the graded buildings – 73.34% – are in private hands. Government owns 17.45% of the 1,444 historic buildings. Another 9.21% is owned by public agencies or statutory boards such as the Hospital Authority or the URA.

Management Responsibilities

Although no information is available on current management responsibilities over these buildings, the ownership profile gives an indication of the likely management responsibilities of graded historic buildings.

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[24] Rock carving on Cheung Chau, part of the carving sits on private land

[25] LC Paper No. CB(2)637/07-08(01)

[26] LC Paper No CB(1)1347/08-09(08)

[27] http://www.aab.gov.hk/en/aab_2.php

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Table A1-3   Profile of Graded Historic Buildings

Features	Out of a total of 1,444 identified buildings		%
By geographic distribution	Hong Kong Island	439	30.40
	Kowloon	163	11.29
	New Territories	739	51.18
	Outlying Islands	103	7.13
By ownership	Government	252	17.45
	Public bodies / statutory boards	133	9.21
	Private	1,059	73.34
By current grading	Grade 1	160	11.08
	Grade 2	324	22.44
	Grade 3	447	30.96
	No grading / Currently being graded	513	35.53

Source: AAB website http://www.aab.gov.hk/aab_2.php

1.4.3   *Additional items*

In addition to the 1,444, the AAB is constantly reviewing possible new items, in response to suggestions from the community or the District Councils. Up to December 2012, 18 new items have been considered for grading.   After assessment, the additional items were assessed and graded as follows: 4 Grade 1 historic buildings, 5 Grade 2 historic buildings, 7 Grade 3 historic buildings, and two new items do not warrant any grading[28].

1.5   Key Players & Major Responsibilities

1.5.1   *Development Bureau – Secretary for Development*

The Secretary for Development (SDEV) is the AA under the A&M Ordinance [Cap53].   As stated in the Ordinance, the AA is advised by the AAB on the declaration of any sites or buildings as monuments or proposed monuments.

1.5.2   *Development Bureau - Commissioner for Heritage's Office (CHO)*

Creation of the CHO

The transfer of heritage conservation policy responsibility from the Home Affairs Bureau (HAB) to the then newly formed DevB in July 2007 was aimed at achieving a closer interface between development and conservation[29].   Consequent to the transfer of heritage conservation policy responsibility was the establishment of the CHO under the Works Branch of DevB in 2008.

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[28] http://www.aab.gov.hk/en/aab_1a.php

[29] LC Paper EC(2007-08)16

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Policy Responsibility[30]

The CHO is responsible for the implementation and monitoring of policies on heritage conservation and for devising and taking forward new initiatives related to heritage conservation, including:

- Implementing the R-Scheme;
- Implementing the HIA mechanism for new capital works projects;
- Devising economic incentives for conservation of privately-owned historic buildings;
- Providing financial assistance on maintenance to privately-owned graded historic buildings (F-scheme);
- Taking forward heritage conservation and revitalisation projects; and
- Serving as a focal point of contact on heritage conservation matters both locally and overseas.

The CHO is also responsible for supporting the AA in discharging the statutory duties under the A&M Ordinance. It also provides, at the policy level, support and guidance to the AMO.

1.5.3 Development Bureau – Advisory Committee on Revitalisation of Historic Buildings (ACRHB)

The ACRHB is responsible for examining applications and making recommendations to the SDEV on the use of historic buildings under the R-Scheme; recommending the level of subsidy to the successful applicants both in terms of the one-off major renovation cost and the one-off grant to meet the starting costs and operating deficits; and monitoring and evaluating the effectiveness of approved projects under the R-Scheme in terms of the conservation of the buildings and the operation of the social enterprises. The ACRHB will advise, in the case of non-compliance by the successful applicants (or tenants) under the R-Scheme, on what necessary actions are to be taken. The ACRHB will also review the overall performance of a successful applicant under the R-Scheme upon expiration of a tenancy, and recommend the way forward, e.g. offer a new tenancy, not to offer a new tenancy, or offer a tenancy but with conditions attached. The ACRHB will also advise on other matters relating to the revitalisation of historic buildings as referred by SDEV. The ACRHB comprises both Government and non-Government experts.

1.5.4 Development Bureau – Antiquities Advisory Board (AAB)

Advise the AA

The AAB was established in 1976 along with AMO. According to the A&M Ordinance, the Chairman and Members of the AAB are appointed by the Chief Executive to provide advice to the AA on[31]:

- Whether an item should be declared as a monument or a proposed monument under Sections 3(1) and 2A(1) respectively of the A&M Ordinance; and
- Any matters relating to antiquities, proposed monuments or monuments or referred to it for consultation under Section 2A(1), Section 3(1) or Section 6(4) of the A&M Ordinance.

In addition, the AAB may, from time to time, advise the AA on

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[30] Information provided by CHO in May 2012

[31] http://www.aab.gov.hk/en/antiquities_reference.php

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- Measures to promote the restoration and conservation of historic buildings and structures, including the annual programme of restoration works;

- Measures to promote conservation, and where necessary, the investigation of archaeological sites, including the grant of licenses to excavate and search for antiquities under Section 13 of the A&M Ordinance; and

- Measures to promote awareness of, and concern for the conservation of Hong Kong's heritage.

Grading of historic buildings

Having regard to the assessments of the heritage value of individual historic buildings by an independent expert panel and the views and additional information received from members of the public and the owners of the buildings concerned during the public consultation exercise, the AAB has accorded Grade 1, Grade 2 and Grade 3 status[32] to individual historic buildings under an administrative grading system.

The grading of historic buildings provides an objective basis for determining the heritage value, and hence the preservation need, of historic buildings in Hong Kong. Since 2009, the AAB has been reviewing the grading of 1,444 historic buildings in Hong Kong. To date, AAB has completed the assessment of the grading of over 1,200 historic buildings.

1.5.5 *Development Bureau – Antiquities and Monuments Office (DEVB – AMO)*

Vision and Mission

The AMO was established in 1976. Headed by an Executive Secretary, the AMO comprises civil servants and professional staff with backgrounds in history, archaeology, geography, anthropology, building surveying, estate surveying, town planning, civil engineering and architecture[33]. The AMO is the executive arm of the AA and provides secretarial and executive support to the AAB.

The stated vision of the AMO is to preserve the archaeological and built heritage of Hong Kong and promote the awareness and appreciation of, respect for and commitment to preservation of such cultural legacy through research, education and publicity[34].

The AMO's mission[35] is:

- To protect and conserve Hong Kong's archaeological and built heritage;

- To promote the study of the prehistory and history of Hong Kong through its archaeological and built heritage;

- To increase awareness, understanding and appreciation of our cultural heritage by facilitating public access to the heritage;

- To encourage and promote public participation in heritage preservation;

- To foster a sense of belonging and identify and to strengthen Hong Kong's own unique culture;

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[32] See Section 1.3.1 of this Appendix for definition. The same definition can also be found in AAB Paper No.AAB78/2007-08

[33] Interview with AMO on 24 April 2012

[34] http://www.amo.gov.hk/en/vision.php

[35] http://www.amo.gov.hk/en/vision.php

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- To enhance co-operation with local and overseas institutions to promote heritage preservation and education; and
- To promote tourism through innovative adaptive reuse of Hong Kong's heritage.

Work of the AMO

The work of the AMO includes[36]:

- Identifying, recording and researching on buildings and items of historical interests;
- Organising and coordinating surveys and excavations of areas of archaeological significance;
- Maintaining and developing archives of written and photographic material relating to heritage sites;
- Organising the protection, restoration and maintenance of monuments;
- Assessing and evaluating the impact of development projects on heritage sites, as well as organising appropriate mitigation measures;
- Arranging adaptive reuse of suitable historical buildings; and
- Fostering publicity awareness of Hong Kong's heritage through education and publicity programmes such as exhibitions, lectures, tours, workshops and setting up of heritage trails etc.

1.5.6 *Technical Departments*

Architectural Services Department (ArchSD)

The Heritage Unit of the ArchSD offers technical support on CHO's initiatives on heritage conservation. The Unit was established in 2008[37]. It comments on applications for the R-Scheme and assists CHO in delivery of the projects from inception to completion as well as post occupation service. It offers studies and technical advices to CHO on the range of conservation practices for built heritage under private ownership, such as, land exchange options and development rights of heritage sites. It also comments on applications for the F-Scheme, to ensure the level of assistance is reasonable and cost effective for the amount of repair / maintenance work proposed. The Unit is also an one-stop shop for technical advice to DevB, as well to other units in the ArchSD and other bureaux/departments and public bodies engaging in heritage conservation works (e.g. URA, LandsD, and CEDD, etc.) – advice includes construction cost data, repair / maintenance techniques, building services / sustainable design, structural engineering, quantity surveying, research and development, education and training[38].

Also, ArchSD's Property Services Branch provides maintenance services to 165 of the declared monuments and graded historic buildings owned by Government. Services include reactive and preventive maintenance, restoration, improvements, inspections and condition surveys.

Buildings Department[39]

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[36] Interview with AMO on 24 April 2012 and information provided by CHO

[37] Interview with ArchSD on 13 February 2012

[38] Interview with ArchSD on 13 February 2012

[39] Letter by Buildings Department, 23 July 2008 entitled "Setting Up of the Heritage Unit in Buildings Department"

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The BD is responsible for the administration and enforcement of the Buildings Ordinance [Cap 123] which provides for the planning, design and construction of buildings and associated works on private land for compliance with the building safety and health standards. A dedicated Heritage Unit has been set up in the BD in 2008 to facilitate private sector's participation in heritage conservation and to provide technical support to the CHO. The Unit processes all building and structural plan submissions involving alteration and addition works to and adaptive re-use of heritage buildings for approval under the Buildings Ordinance [Cap 123]. Submissions handled by the Unit include development projects involving historic buildings that have been declared as monuments, graded buildings, historic buildings selected under the R-Scheme, and redevelopment and revitalisation projects involving conservation and adaptive re-use of historic buildings.

Government Property Agency (GPA)

Currently, there are a total of 27 heritage buildings under GPA's management in which 7 are declared monuments and 20 are graded historic buildings[40]. Among these 20 graded historic buildings, one is vacated (Victoria Road Detention Centre), others are used by private tenants (including the Old Peak Café), Government departments, academic institutions and non-government organisations (NGOs).

The GPA leases out Government properties on two different terms: commercial tenancy and nominal rents. Currently, the GPA lets six historic buildings at market rents, i.e. (i) the Old Peak Café, (ii) the Old Stanley Police Station, (iii) the former Tai Tam Tuk Raw Water Pumping Station Senior Staff Quarters, (iv) Old Diary Farm Depot, No.2 Lower Albert Road, (v) Tai Po Lookout, and (vi) Old Victoria Peak Radio Station, Mount Austin Road.

In general, only properties not suitable for commercial tenancy would be leased out to NGOs at a nominal rent if the applications are fully supported by the relevant B/Ds. The tenants are responsible for management and maintenance of the premises concerned although the GPA, with ArchSD as the agent, remains responsible for structural maintenance of the buildings. Should any repair, maintenance, alteration and renovation works be required, GPA seeks inputs from ArchSD and AMO to ensure the integrity and historic fabric of buildings are maintained.

1.5.7 Other Heritage-related Organisations in Hong Kong

Apart from organisations established through the A&M Ordinance or through reorganisation of bureaux, there are other trust / fund / public bodies / statutory boards whose mandates and remits include elements of heritage conservation. This section reviews the role of the URA, Sir Lord Wilson Heritage Trust and Chinese Temples Committee.

Urban Renewal Authority (URA)

As identified in the Chief Executive's 1999 Policy Address[41], the concept of preserving Hong Kong's heritage should be incorporated into all projects for redeveloping old areas. The responsibility of conserving heritage buildings thus became part of the URA's remit after its formation in 2001. As per the URA

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[40] Interview with GPA on 9 February 2012

[41] 1999 Policy Address http://www.policyaddress.gov.hk/pa99/english/part5-2.htm#f23

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Ordinance [Cap 563], the URA is to preserve buildings, sites and structures of historical, cultural or architectural interest[42].

The URA, as per the 2011 version of the Urban Renewal Strategy (URS)[43] published in February 2011, preserves historic buildings if such preservation forms part of its urban renewal projects. In this 2011 review of the URS, the URA's heritage preservation was extended beyond designated project areas to include other stand-alone heritage buildings when direct requests from the Government are received[44].

The URA makes reference to Government's policy on heritage conservation in pursuing its heritage preservation efforts and gives due regard to collaborative partnership with non-profit-making organisations (or private sector partners should such proposals be appropriate) and public access to the revitalised historic buildings[45].

As at December 2012, the URA is undertaking 17 heritage preservation and revitalisation projects[46].

Lord Wilson Heritage Trust (LWHT)

The LWHT was established in December 1992 following the enactment of the LWHT Ordinance [Cap. 425] in the same year. The Trust was set up for expressing the community's appreciation of the contribution made to Hong Kong by Lord Wilson during his term as Governor of Hong Kong. The aim of the Trust is to preserve and conserve the human heritage of Hong Kong by organising activities and providing funding support to assist community organisations and individuals to sponsor heritage related activities and research projects. These activities and projects include identification, restoration and refurbishment of relics, antiquities and monuments, as well as organising of educational and publicity programmes on heritage preservation.

The organisation of the trust comprises a Council and a Board of Trustees. The main functions of the Board of Trustees is to manage the investment of capital of the LWHT and to take responsibility for related financial matters to ensure that steady income stream will be generated to finance the Trust's activities. The Board of Trustees also decides on broad policy matters and gives direction on how the objects of the LWHT should be met. The Council is concerned with the execution of the decisions of the Board of Trustees and the implementation of activities for promoting heritage preservation and conservation in Hong Kong. Activities are undertaken by the Council to promote the objects of the LWHT within the financial and policy parameters set by the Board of Trustees. Both the Board of Trustees and the Council of the LWHT are appointed by the Chief Executive under the LWHT Ordinance. The HAB provides administrative support to the Trust.

The means by which the Trust aims to preserve and conserve the human heritage of Hong Kong are[47]:

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[42] Section 5 of the Urban Renewal Authority Ordinance [Cap 563]

[43] See Section 1.3.4 of this Appendix for information about the Urban Renewal Strategy 2011

[44] Paragraph 21 of the Urban Renewal Strategy February 2011

[45] Paragraph 22 of the Urban Renewal Strategy February 2011

[46] http://www.ura.org.hk/en/projects/heritage-preservation-and-revitalisation.aspx

[47] http://www.lordwilson-heritagetrust.org.hk/intro/objective.htm

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- Identification, restoration and refurbishment of relics, antiquities and monuments and of other historical, archaeological and palaeontological objects, sites or structures in Hong Kong;

- The provision of facilities at antiquities and monuments and at historical and archaeological sites or structures in order to assist public access to and appreciation of such sites or structures;

- The aural, visual and written recording of sites of historic interest, traditional ceremonies and other aspects of the human heritage of Hong Kong;

- The publication of books, papers and periodicals, and the production of tapes, discs and other articles relating to the objects of the Trust;

- The holding of exhibitions and conferences relating to the objects of the Trust;

- Educational activities which will increase public awareness of and interest in the human heritage of Hong Kong; and

- Any other activities which will promote the objects of the Trust.

During the 2010/2011 financial year, the Trust awarded grants for 9 activities and projects related to built heritage. These activities or projects are[48]:

- Conservation plan for the Helena May;

- Production, Publication and Promotion of: An Illustrated Guide to Chinese Heritage and Architecture in Hong Kong;

- Surveying and Documenting the Underwater Heritage of Hong Kong – Stage 1;

- Industrial Heritage in Hong Kong: A Pilot Study;

- Study of the Three Water Services Historical Buildings at the Hong Kong University Centennial Campus Site;

- Barrier-free Heritage Travel Guide 2010;

- Repair Works to Chinese Tiled Pitch Roofs for Historical Building

- Maintenance of Lam Tsuen Tin Hau Temple; and

- St Stephen's College Heritage Gallery – Exhibition and Heritage Conservation.

Chinese Temples Committee (CTC)

The CTC was established under the Chinese Temples Ordinance [Cap. 153]. The CTC is mainly responsible for the direct operation and management of temples directly under the Committee itself and handle temple registration. The CTC established and administers the Chinese Temples Fund accumulated through worshipers' donations and contract management fees of temples. The fund is used to finance ceremonies and maintenance / upkeep of temple properties. Currently, 24 temples are directly administered by the Committee. The management of 19 temples is delegated to other agencies[49].

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[48] Lord Wilson Heritage Trust 2010/2011 Annual Report http://www.lordwilson-heritagetrust.org.hk/pub/10-11.pdf

[49] http://www.ctc.org.hk/en/indirect_control_temple.asp

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1.6 Resources Involved in Heritage Conservation

1.6.1 Introduction

As demonstrated in the Sections above, heritage conservation requires collaborative efforts among different departments. Information on the resources spent on heritage conservation should be interpreted with care. Resources incurred by Government bureaux/departments on heritage management and conservation may not be fully revealed in Government budgets as some of the expenses are covered by internal resources of relevant works department such as GPA, ArchSD and other technical departments / user departments. Similarly, there is very little information on the resources spent by the private sector on the management and conservation of privately owned heritage buildings. Thus, the information presented in this Section is intended to capture, in broad order, the financial implication of current heritage efforts.

1.6.2 Human Resources

CHO

The CHO as the main focal point of conservation effort is supported by 42 members of staff, of which 22 members are non-civil service contract (NCSC) staff, and the rest are civil service posts from the General Grades (e.g. Administrative Officers and Executive Officers) and professional grades (engineers and architects), and seconded professional staff (engineers and architects) on loan from the works departments[50].

The number of staff members in the CHO has increased over the years. Based on information supplied by CHO, the number of staff (both civil and NCSC staff) is presented in Table A1-4 below.

Table A1-4   Number of CHO Staff

Financial Year	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Civil service staff	21	22	22	22	20
NCSC Staff	2	11	16	17	22
Total	**23**	**33**	**38**	**39**	**42**

AMO

The number of staff in the AMO has grown from a few people 30 years ago[51]. As at October 2012, the AMO is staffed with over 100 staff members under the leadership of the Executive Secretary (Antiquities and Monuments). There are 6 units in the AMO, namely the Technical and Advisory Unit, Planning and Management Unit, Historical Buildings Unit, Archaeology Unit, Education and Publicity Unit, and AAB Secretariat & Administration Unit.

The AMO organisational structure and number of staff members on civil service and NCSC terms are summarised in the Figure (A1-1) below.

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[50] Information provided by CHO in January and May 2012

[51] Based on consultation with AMO on 24 April 2012, it is understood that an additional 36 Non-Civil Servant Contract (NCSC) staff were added to support new initiatives launched by the Government in 2007

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Staff members of the Technical Advisory Unit are professionals with background in planning, architecture, surveying and engineering providing cross-unit services to the rest of AMO[52].

Apart from payroll staff, the AMO may invite members of Friends of Heritage (FoH) or Young Friend of Heritage (YFoH) to assist in educational activities as volunteers on need basis. About 700 persons have enrolled as FoH and some 180 secondary school students have joined as YFoH since the launch of the schemes. Many FoH and YFoH have participated in AMO's programmes as volunteers[53].

Figure A1-1 Organisation Chart of AMO[54]
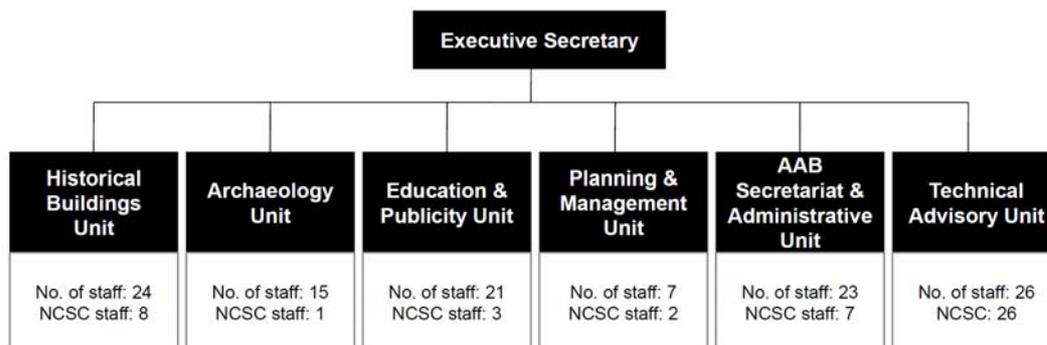
Source: AMO, October 2012, adapted by GHK

1.6.3   *Financial Resources*

CHO: R-Scheme & Other Heritage-related Works

In total, Government has reserved HKD 2 billion for capital expenditure under the R-Scheme and Transformation of the Former Police Married Quarters (PMQ) on Hollywood Road into a Creative Industries Landmark. The amount invested in PMQ project was HKD 560 million[55.]

For the R-Scheme, to date, HKD 686 million has been approved for Batches I and II (6 projects under Batch I[56], and 3 projects under Batch II[57]). The amount to be distributed to each successful applicant is determined on a case-by-case basis by the Finance Committee of the Legislative Council. Since every case is unique in terms of project nature, scale, difficulties and themes, the number of successful revitalisation partners differs every year, there is no clear spending pattern under the R-Scheme. However, with more buildings being selected for the R-Scheme, it can be expected that the cumulative level of capital spending will increase over time. Table A1-5 below captures the actual capital work spending on the R-Scheme in the past 5 years.

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[52] Interview with AMO on 24 April 2012

[53] Interview with AMO on 24 April 2012

[54] AMO organisation chart provided on 31 October 2012.

[55] 2012-13 Budget Estimates: Fund Accounts, Head 703

[56] 2012-13 Budget Estimates: Fund Accounts, Head 708. Note: one of the Batch I projects, North Kowloon Magistracy, does not require capital subsidy from Government

[57] http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev0716cb1-3086-1-e.pdf
http://www.legco.gov.hk/yr11-12/english/fc/pwsc/papers/p11-41e.pdf

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For non-capital work expenditures, Table A1-5 also provides an overview of the R-Scheme from 2007/2008 to 2011/2012 financial year. As explained above, there is no particular spending pattern for R-Scheme.

Table A1-5 Overview of R-Scheme-related Expenditure (Million HKD), 2007 to 2012

Financial Year	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
R-Scheme Capital Work Expenditure	0	0	2.9	17.0	158.5
R-Scheme Non-capital Work Expenditure	0	1.3	3.9	1.6	6.1

Source: Budget (www.budget.gov.hk): R-Scheme Capital Work Expenditure - Head 708; R-Scheme Non-capital Work Expenditure – Head 159

Other Expenditures of CHO

Other expenditures incurred by CHO include the following:

- Personal emoluments for direct staff and support staff
- Departmental expenses including personnel related expenses (provident fund) for direct staff and support staff, temporary staff cost, consultancy services, arrangement of events and other support services (utility, office equipments etc.)

Table A1-6 below captures the non-R Scheme expenditures in the past 5 financial years.

Table A1-6 Other Expenditures of CHO (Million HKD)

Financial Year	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Personal Emoluments	7.6	14.4	15	15.6	16.8
Departmental Expenses	7.8	8.4	12.6	14.8	20.1
Total	**15.4**	**22.8**	**27.6**	**30.4**	**36.9**

Source: Finance Section, Heritage Programme and Resources Division, DevB Works Branch, June 2012

AMO of LCSD

Maintenance and Restoration of Privately Owned Declared Monuments and F-Scheme

There are two major expenditure items related to maintenance and restoration of heritage buildings under the LCSD budget umbrella. One is Subhead 653 for maintenance of privately owned declared monuments and graded historic buildings under the F-Scheme. And the other Subhead (Subhead 600) is the restoration of privately owned declared monuments. The amount of expenditure on the maintenance and restoration of privately owned declared monuments and graded historic buildings (include F-Scheme) are outlined in Table A1-7 below. It is evident that a clear growing amount of financial resources are put to heritage conservation uses through the works of AMO of LCSD.

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Table A1-7 Overview of Restoration and Maintenance of Privately Owned Declared Monuments and Graded Historic Buildings (Million HKD)

Financial Year	Actual Expenditure				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Subhead 600	2.782	1.791	5.727	5.753	8.691
Subhead 653	1.891	3.123	4.772	9.912	9.130
Total	**4.673**	**4.914**	**10.499**	**15.665**	**17.821**

Source: Budget http://www.budget.gov.hk/

The F-Scheme was introduced in August 2008 and the actual amount of the grants is embedded in the Subhead of LCSD. The LCSD expenditure includes HKD 16.382 million on 19 applications approved up to end February 2012[58]. A further 13 applications are being processed. To provide a better understanding of the spending pattern on F-Scheme, Table A1-8 below summarises the number of graded buildings that were awarded the maintenance grant under the F-Scheme since its launch.

Due to differences in maintenance needs, scale and level of difficulties, and the level of maintenance, it is not possible to draw a generalised pattern for past expenditure on F-Scheme.

Table A1-8 F-Scheme Recipients and Amount of Maintenance Grant Awarded (Million HKD)[59]

Financial Year	2008/2009	2009/2010	2010/2011	2011/2012
Total Grant Approved	0.711	5.751	2.999	6.921
Number of Recipient	1	7	3	8

Other Expenditure

Similar to the CHO, the AMO has the following expenditures[60]:

Financial Year	2009/2010	2010/2011	2011/2012
Personal Emoluments	20.6	22.2	27.1
Departmental Expenses	45.6	43.3	43.5
Total	**66.2**	**65.5**	**70.6**

Others

As mentioned earlier in the Section, internal costs incurred by technical departments cannot be easily attributed to heritage conservation efforts.

Likewise, there is very little information on the resources spent by the private sector on the management and conservation of privately owned heritage buildings.

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[58] http://www.heritage.gov.hk/en/maintenance/inform_app.htm

[59] http://www.heritage.gov.hk/en/maintenance/inform_app.htm

[60] Information provided by AMO, 23 April, 2012.

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The Hong Kong Jockey Club (HKJC) will make a donation-in-kind to Government in the form of a capital investment for the renovation and development of the Central Police Station (CPS) Compound within a budget of HKD 1.8 billion. No capital funding is required from Government [61], but this amount is useful in estimating expenditure of conservation effort of the private sector. Additionally, the HKJC donated HKD 102.5 million to the Asian Society Hong Kong (ASHK) for renovating and revitalising the former British explosives magazine site on Justice Drive into an arts and cultural education centre[62]. In total, ASHK spent nearly HKD 400 million on the project – entirely funded by donations and contributions from the private sector[63].

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[61] LegCo Brief on "Conservation and Revitalisation of the Central Police Station Compound : The Hong Kong Jockey Club's Revised Design" dated October 2010 (File Ref.: DEVB(CR)(W) 1-150/76) http://www.heritage.gov.hk/en/doc/LegCoBriefforCPS2010_10_11II.pdf

[62] http://corporate.hkjc.com/corporate/corporate-news/english/2012-02/news_2012020902006.aspx

[63] http://www.heritage.gov.hk/tc/doc/devb_cfh_newsletter23_final2.pdf

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APPENDIX 2: OVERSEAS CASE STUDIES

1.1   Introduction

The GHK Team has made an extensive investigation of heritage trusts and other heritage bodies worldwide to identify possible case studies. In particular, the Team has conferred with the International National Trust Organisation (INTO) which provided up-to-date information gained from its membership and its biannual meeting in Victoria, Canada in October 2011. The Team initially identified a number of possible case studies to study the legal framework, governance model, financial arrangements and mode of operation.

Based on information collected / views provided by the client, and initial findings of the GHK Team, the choice of case studies was refined so as to facilitate consideration of a number of functions, namely: flexibility to work with the private sector; membership-based; clear governance; self-financing; provision of maintenance grants; participation in revitalisation projects; public education and appreciation; and international networking.

On this basis, and on the likely access to information, the Team has selected the following four organisations as case studies: Australian National Trust (New South Wales), Heritage Canada Foundation, the UK National Trust, and English Heritage. This Appendix provides summaries of these case studies.

This Appendix also draws a range of insights from Asian Heritage Trusts, focusing on how the local community may be encouraged to participate in heritage conservation. A concluding section highlights international best practice and lessons for Hong Kong.

1.2   Summary of Case Study 1: National Trust of Australia (New South Wales)

	National Trust of Australia (New South Wales)
Background	The National Trust of Australia New South Wales (NTANSW) was established in 1947 to fulfill a role of conserving heritage for the benefit of the public, becoming a statutory body in 1960. It serves the state of New South Wales with its population of some 7.3 million, and an area of 802,000km^2. The role of NTANSW has expanded from protection of early colonial buildings and bushland to extend to rural, industrial and railway heritage. This increasing role is a draw for membership, but places a heavy burden of care on the NTANSW.
Functional Remit	1. <u>Conservation</u> Protects both built and natural heritage including bushland. 2. <u>Advocacy</u> A major element of NTANSW's remit. It lobbies for heritage through meetings with Government officials and private developers, producing position papers, and operating a volunteer network throughout the State to speak on behalf of the Trust membership. It is engaged in advocacy work to protect the working harbour of Sydney and bushland and to ensure that efforts are being made to safeguard heritage

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		through the planning system.
	3.	Education
		Runs a range of Education Programmes including workshops, visits, Open Days and publications to provide lifelong learning experiences to the community.
	4.	Public Awareness
		Produces a quarterly magazine for its members, and runs a dedicated website and monthly e-newsletter.
	5.	International Networking
		Not a major feature, although as a member of the Australian Council of National Trusts it is a member of INTO.
Operational Responsibilities	1.	Policymaking
		As a community-based advocacy organisation, it comments on relevant policy issues. It has led various campaigns with policy dimensions.
	2.	Delivery of policy/programmes
		Does not offer maintenance grants and is not directly involved in large scale revitalisation.
	3.	Management of properties
		Responsible for maintenance of its properties. Many are managed by local members committees.
Resources	1.	Land
		Holds a portfolio of 38 properties – most of which it owns on a freehold basis, bearing the costs of repairs, maintenance, and visitor services.
	2.	Funding
		The NTANSW has received substantial Government funding since 2001, to enable major works to be carried out on more than 14 properties. But for some time funding support from bequests has been decreasing, and there is an increasing backlog of high-cost conservation works. Whilst NTANSW may be considered self-financing, it is currently operating at a loss (Aus$1.6 million (HKD 13.0 million) in 2011).
		In order of magnitude, the main revenue sources (as at 2010) are: gains on disposal of assets (22%); grants from Government (14%); bequests (13%); bushland management income (12%); gains on revaluation of investment (6%); membership income (5%); fundraising and events (4%); sponsorship (3%); merchandise (3%); investment income (3%); donations (3%); museum admissions (2%) and conservation services (1%).
	3.	Constituency
		Overall membership stands at about 22,000, with full individual membership priced at Aus$65 (HKD 529) per year. Membership recruitment and fundraising activities are

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	organised both by Trust properties and the central body, and there are "Regular Giving" and Bequests Programmes. 4. Staff As of 2010, the NTANSW employed 60 permanent and 28 temporary staff. An additional 2,000 volunteers give some of their time to NTANSW.
Organisational / Governance	Nine members of staff are at Director level – the senior staff include the Chief Executive Officer (CEO), Deputy Executive Director, Advocacy Manager, and Directors of Education, Public Relations, and Marketing. The NTANSW relies on the support of its volunteer committees and branches. It is comprised of five Trust and Board Committees: Finance, Audit & Risk Management; Magazine Editorial; Marketing & Communications; Trust Honours; and Occupational Health & Safety. These are supported by six Technical Committees. The Board acts to gauge performance as well as assure accountability. NTANSW publishes an Annual Report with an auditor's statement prepared according to the Australian Auditing Standards. The NTANSW works with a number of state Government players including NSW Heritage Commission, the NSW Departments for Environment, Planning, and Education, and Sydney Harbour Foreshore Authority, as well as parallel institutions at the national (e.g. Australian Heritage Council), regional and municipal level. The NTANSW has also developed connections with many civil society groups, including International Council on Monuments and Sites (ICOMOS) Australia. Notable business sponsors are Energy Australia and the auction house Bonhams & Goodman. In 2009, NTANSW established a subsidiary, the National Trust Enterprises, to manage its retail operations.

Exchange rate: AUD1:HKD8.138 (as at 15th March 2012, using http://www.xe.com/ucc/)

1.3   Summary of Case Study 2: Heritage Canada Foundation

Heritage Canada Foundation (HCF)
Background
The Heritage Canada Foundation (HCF) was created by the federal government of Canada in 1973 as a National Trust for Canada. The HCF works to raise awareness, build networks, and save heritage sites in Canada and all its provinces. Since 2002, the HCF has increased its efforts on advocacy and networking.

Functional Remit	1. Conservation HCF's focus is the historic built environment. 2. Advocacy Involved in a range of activities. For example, it appeared before the House of Commons Standing Committee on Finance during its pre-budget consultations to encourage the

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		implementation of financial incentives for heritage conservation.
	3.	Education
		Holds an annual conference during which delegates participate in a variety of sessions, workshops and tours, which focus on the pivotal role heritage buildings and districts can play in community revitalisation. It also participates in an Educators Roundtable which concerns the teaching of conservation at university level. The HCF runs the Young Canada Works program which provides heritage employment opportunities for young Canadians.
	4.	Public Awareness
		Raises public awareness by leading Heritage Day celebrations. HCF also confers a range of awards which recognise and celebrate efforts in heritage conservation. It initiated the "Endangered Places Program" and "Worst Losses List" which draw national attention to the ten most endangered historic places in Canada. The HCF has published a bilingual quarterly magazine, Heritage, since 1973. It supports the work of existing and new networks and working groups in Canada.
	5.	International Networking
		HCF is active in networks with INTO and other national trusts. In 2011, it hosted the tri-annual INTO Conference in Vancouver. It has well established reciprocal relationships with National Trusts in Australia, England, Scotland, France and the US.
Operational Responsibilities	1.	Policymaking
		Plays an advocacy role but not directly involved in policy formulation. Recent areas of focus have been on establishing a pan-Canadian national trust organisation and lobbying for Government to use financial incentives for heritage conservation.
	2.	Delivery of policy / programmes
		HCF previously offered maintenance grants from Government but no longer does so.
		From 1997 to 2002 the HCF carried out the Main Street revitalisation program – this benefited more than 300 historic buildings.
	3.	Management of properties
		A limited management role for its own properties.
Resources	1.	Land
		Currently holds four historic buildings having sold several properties in the last decade as a cost saving measure.
	2.	Funding
		Initially, the HCF received an award of funds from

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	Government. The HCF's sources of revenue, in order of magnitude, are: contracts (largely fee-for-service work undertaken by HCF's Quebec subsidiary which offers the Main Street program to municipalities); grants (largely from partnership with a university); Young Canada Works contribution from Government; conferences and symposiums; donations and bequests; property; membership; and publications. In 2011, contract revenue, the largest source of revenue, was CAD 924,000 (HKD 7.2 million).
	Although it raises funds from membership, the HCF finds it difficult to be self-financing, in part because of the high cost of maintaining and operating the historic properties in its property portfolio.
	3. Constituency
	The HCF has about 12,000 members who are generally older professionals who view advocacy as a priority. The HCF is considering moving away from a membership model to developing a group of supporters.
	4. Staff
	HCF has a staff of seven in addition to volunteers.
Organisational / Governance	The HCF is led by its Executive Director who reports to the Board of Governors. The Board of Governors represents nine of the Canadian provinces, with one governor at large. The HCF is staffed by an:
	(i) Executive Director;
	(ii) Director, Communications and Editor;
	(iii) Manager, Operations;
	(iv) Manager, Heritage Policy and Government Relations;
	(v) Communications and New Media Coordinator;
	(vi) Officer, Development, Membership and Young Canada Works; and
	(vii) Executive Assistant.
	The HCF regularly produces a Strategic Plan and also produces an Annual Report with financial statements prepared by an independent auditor. However, the HCF has not conducted any formal performance assessment exercises.
	The HCF maintains close links with the federal, provincial and municipal governments, mailing its magazine to every elected official.
	It does not have subsidiary companies.

Exchange rate: CAD1:HKD7.8166 (as at 15th March 2012, using http://www.xe.com/ucc/)

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1.4   Summary of Case Study 3: UK National Trust

	UK National Trust
Background	The UK National Trust (National Trust) was established by a small group of social reformers in the last years of the 19th century. It serves England, Wales and Northern Ireland and is one of the UK's biggest landowners.
Functional Remit	1. Conservation Looks after both built and natural heritage. 2. Advocacy Independent of Government – scrutinises policy and initiates policy discussion. 3. Education Works with local schools and youth groups. Most of its properties have an engagement officer whose task is to promote educational opportunities while Headquarters has a team of education officers. It offers many educational activities for young people at its properties. 4. Public Awareness Raises awareness through its media presence, large body of volunteers, engagement with schools, and public open days. It publishes a quarterly magazine that discusses issues of concern, with a supplementary regional newsletter on what to see and do. 5. International Networking It is a supporter of INTO and finances a part-time Secretariat position. It has also been involved in staff exchanges with other national trusts and heritage agencies.
Operational Responsibilities	1. Policymaking Independent of Government – scrutinises policy and also influences policy in regard to built and natural heritage conservation. 2. Delivery of policy / programmes The National Trust has taken on new properties in urban areas which have had a revitalisation impact. It does not provide maintenance grants. 3. Management of properties Extensive experience in managing heritage assets in its ownership over a period of more than 100 years.
Resources	1. Land There are about 400 properties in its care including historic buildings in a range of urban and rural settings. The National

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	Trust owns all the assets that it conserves and continues to acquire properties, sometimes through legacies but also through public appeals.
	2. Funding The National Trust is self-financing and has multiple income streams. In order of size, the National Trust's income streams in 2011 were: membership £124.3 million (HKD1.5 billion); enterprises £53.5 million (HKD 650.7 million); legacies £46.3 million (HKD 563.1 million); catering £39.3 million (HKD 478.0 million); rents; grants (including from European Union, UK Government, Heritage Lottery Fund[1], and charitable organisations) and contributions (from private individuals and businesses); investment income; admission fees; appeals and gifts; other property income; hotel income; and holiday cottages (£7.8 million) (HKD 94.9 million). Under its National Trust Enterprise arm, the National Trust operates an extensive portfolio of businesses which both provide valuable services to its members and funds for the Trust's work. For example, the National Trust supports over 700 catering, retail, and Holiday Cottage outlets at its properties. Financial support is also obtained through corporate and business sponsors. 3. Constituency In 2011, the four millionth member joined the National Trust, maintaining its position as the largest conservation organisation in Europe. National Trust membership allows for unlimited access to more than 300 National Trust properties. 4. Staff Currently, there are about 5,000 paid staff and about 61,500 volunteers. Advisory panels made up of volunteers provide specialist guidance to Trust staff about matters within a defined area of interest. Each panel is made up of eight to fifteen experts in their fields.
Organisational / Governance	The Board of Trustees has ultimate responsibility for the National Trust. All 12 members of the Board of Trustees are appointed by the Council, which is responsible for the spirit of the Trust and its long-term objectives. The Council holds the Board accountable through a range of processes including an annual review and the Board's presentation of its future plans. Some of the powers of the Council are delegated to the Executive Committee which is a volunteer body made principally of selected members of the Council and the chairman of the Trust's regional committee. The committees assisting the board are the Audit Committee; Appointments Committee; Senior Management Remuneration

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[1] See section 1.5 below for more details on the Heritage Lottery Fund

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	Committee; and Investment Committee. There are eleven Country / Regional Committees which support the Regional Directors and advise the Board on matters relating to that Country / Region. The Country / Regional Committees report annually to the Board of Trustees on the work, concerns and composition of the Committee over the previous twelve months.
	The day-to-day running of the trust is delegated to the Director-General who leads the Senior Management Team. The management structure comprises the following teams: Brand and Marketing; Conservation; Consultancy; Finance; Information Systems; People and Legal; Supporter Development; and Operations.
	The Secretariat coordinates and supports the work of the Council, Board of Trustees and Senior Management Team.
	The Trust measures its performance through a sophisticated system of Key Performance Indicators. These include indicators for the following four objectives:
	(i) Engaging supporters;
	(ii) Improving conservation and environmental performance;
	(iii) Investing in people; and
	(iv) Financing its future.
	The National Trust is a civil society organisation and is independent of Government. It keeps track of relevant Government policies and works closely with the private sector, creating a variety of partnerships to promote the National Trust. As a charity, it can undertake very limited trading activity but has a separate trading arm called The National Trust (Enterprises) Limited. The National Trust also runs the National Trust Cottage rental scheme.
	The National Trust publishes an Annual Report with a detailed financial report prepared by independent auditors and holds an Annual General Meeting which is a forum for discussion with its membership.

Exchange rate: GBP1:HKD12.162 (as at 14th March 2012, using http://www.xe.com/ucc/)

1.5   Lottery Funding to Support Heritage Conservation in the UK

In the UK, non-governmental heritage organisations expect to raise funds for their operation via membership subscriptions, donations and, when and where available, grants from other organisations, some governmental, some charitable and some corporate with an interest in "heritage" and heritage protection, conservation and adaptive re-use.

One source of such funding is the Heritage Lottery Fund (HLF) which was established by the UK Parliament in 1994 to give grants to a wide range of projects involving local, regional and national heritage. From every pound spent on National Lottery tickets, 28 pence goes directly for the benefit of communities across the UK. HLF receives 20% of this, with the balance being divided between charities / health / education / environment (40%), sports (20%) and arts (20%).

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HLF is a "non-departmental public body" which means that, while it is not a government department, the Secretary of State for Culture, Media and Sport issues financial and policy directions to the Fund and it reports to Parliament through the department. However, decisions about individual applications and policies are entirely independent of the Government.

Over the last 18 years, the HLF has supported almost 32,000 projects allocating £4.7 billion (HKD 57.2 billion) across the UK to sustain and transform the UK's heritage – and in so doing has changed the entire face of heritage in the UK. As the largest dedicated funder of the UK's heritage, with around £255 million (HKD 3.1 billion) a year to invest in new projects and a staff of experts, it is also a leading advocate for the value of heritage to modern life. It invests in every part of heritage, from museums, parks and historic places to archaeology, natural environment and cultural traditions. The HLF has contributed to - and championed - the debate on the economic and social value of heritage, audience development, youth and heritage, volunteering, public space and many other related topics.

It has been suggested that there could be great benefit in Hong Kong having recourse to a similar source of recurrent funding as the HLF via a new Hong Kong lottery or the extension of the existing Mark 6 which is understood to be losing some of its appeal. The organisation of the Mark 6 falls within the remit of the Home Affairs Bureau with Hong Kong Jockey Club acting as the Bureau's agent in so far as operational matters are concerned. Surplus funds raised via the Mark 6 (i.e. those remaining after operational expenses and tax) are allocated to the Lotteries Fund which in turn funds a range of social, health, educational and arts/culture projects.

Whilst a new lottery to support heritage conservation, and possibly sport and additional arts & culture initiatives, in Hong Kong could be beneficial in many ways, it would require a change in what is understood to be current government policy which is reluctance to extend gambling of any type in Hong Kong due to an entrenched and vocal anti-gambling lobby. It is appreciated that gambling and gaming are sensitive issues in the city and that any new lottery would have to be set up in a way which was acceptable to a wide cross-section of the community but Hong Kong Jockey Club is well placed to take on operational responsibility if policy support could be secured. It may be necessary to put in place maximum bets or a structure which discourages significant multi-ticket purchases but the success of the UK model in providing regular and recurrent monies for heritage purposes indicates that further investigation of the introduction of a "good cause" lottery should be undertaken.

Exchange rate: GBP1:HKD12.162 (as at 14th March 2012, using http://www.xe.com/ucc/)

1.6   Summary of Case Study 4: English Heritage

	English Heritage
Background	"English Heritage" is the name of the consolidation of the Historic Buildings and Monuments Commission for England (HBMCE), English Heritage Trading Limited, and the Iveagh Bequest. Its core objective is to understand and protect England's heritage and legacy of historic buildings, landscapes and archaeological sites.
Functional Remit	1. Conservation Supports conservation of historic sites in its own care as well as heritage at risk in private ownership. It offers grants to

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		support many buildings on the Heritage at Risk Register; provides assistance through its "Caring for Places of Worship" campaign; and gives advice and grants to help owners and custodians protect the places in their care.
	2.	Advocacy
		Advocacy is not a major function of English Heritage although it makes the case for the value of heritage conservation in planning, urban regeneration, education, and other areas of government and societal concern.
	3.	Education
		Carries out a range of educational programmes and has developed a variety of educational materials.
	4.	Public Awareness
		Promotes public awareness through education programs, events, publications as well as advisory services. Its "Heritage at Risk Register" is important in raising awareness. It also publishes an annual Handbook and a quarterly magazine for its members. It makes these publications free for download online.
	5.	International Networking
		Has a small team of staff responsible for international networking. Represents the UK at the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage meetings, coordinates with the European Union, and participates in the European Heritage Directors Forum.
Operational Responsibilities	1.	Policymaking
		English Heritage is charged with carrying out three Government policy priorities. The three priorities are: (i) to keep the listing system fit for purpose; (ii) to tackle persistent heritage at risk; and (iii) encourage philanthropy. It is also involved in carrying out policy development, namely in regard to planning guidance and conservation practice.
	2.	Delivery of policy / programmes
		English Heritage is involved in numerous revitalisation projects, and is responsible for the term "heritage-led conservation." It offers maintenance grants, but with cuts in its government funding is doing less than in past years.
		English Heritage grants focus on expert advice and emergency repairs to ensure that heritage at risk is not lost, funding for privately-owned heritage at risk, revenue funding for national heritage organisations, and developing understanding of issues relevant to heritage at risk through research and technical advice.
		English Heritage has also produced important research in the field of heritage conservation including economic and social impacts of investment in heritage.

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	3. Management of properties	
	English Heritage is involved in heritage management, for the properties it owns as well as providing guidance to a wide range of historic property owners and managers, both in public and private sectors.	
Resources	1. Land	
	It has 420 properties in its ownership.	
	2. Funding	
	It received seed funding from Government and now is financed through grant funding from Government and earned income. It receives funding from the Department of Culture, Media and Sport. Membership income is its largest share of earned income (34.3% of total), followed by admission income (26.1% of total).	
	3. Constituency	
	English Heritage is supported by over 750,000 members. Membership is priced at £46 (HKD 566) per year for individuals; corporate membership is also available.	
	4. Staff	
	In 2010-2011, there were 2013 members of staff, located in the head office in London and 9 regional offices. English Heritage does not use volunteers.	
Organisational / Governance	English Heritage is a statutory body and falls under the Heritage Act of 1983.	
	English Heritage is governed by its Commission and managed by a Chief Executive supported by an Executive Board. Under the Chief Executive, English Heritage has five major departments: Planning and Development; Resources; Heritage Protection and Planning; National Advice and Information; and National Collections. Its membership is serviced by a customer service team and a membership office.	
	English Heritage produces an Annual Report with Financial Statement prepared by an outside firm of auditors.	
	English Heritage has an online shop as well as shops at many of its properties that feature items designed and made in the UK (www.english-heritageshop.org.uk). It operates holiday rental cottages.	

Exchange rate: GBP1:HKD12.317 (as at 23rd March 2012, using http://www.xe.com/ucc/)

1.7 Heritage Trusts in Asia

The GHK Team has reviewed Asian heritage trusts, and provides four examples below, which have been selected for their relevance to Hong Kong (in particular the issue of mobilising public support in Hong Kong), and based on availability of data.

Japan. A key example of how heritage revitalisation may be supported by the local community is Kyoto. The Kyo-machiya Revitalisation Study Group has been set up to preserve the historic wooden townhouses (machiya). The Group has taken a comprehensive approach to the conservation of machiya as a part of Japan's

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cultural legacy, focusing not only on protecting the buildings but also more broadly on revitalising the community as a place where people live, work, and come together. This has led to the establishment of several sub-organisations such as:

(i)   An organisation for craftspeople providing technical advice on maintaining and renovating *machiya*;

(ii) An organisation of Kyoto residents interested in *machiya* culture which organises concerts, cultural seminars and tours to promote understanding of *machiya's* cultural importance;

(iii) An information centre dealing with selling and renting vacant *machiya* houses.

The establishment of these sub-organisations creates a participatory atmosphere and instils local residents with a sense of ownership of and responsibility for heritage sites. To an extent, it also relieves the main organisation of some of its responsibilities.

Taiwan. The stated purpose of the Taipei Heritage Conservation and Development Trust Fund (Taipei Trust Fund) is to cultivate a participatory approach to heritage preservation of the 118 declared heritage sites in Taipei City. The Taipei Trust Fund promotes heritage preservation among citizens through different programmes such as its dedicated credit card programme. A bank that is also the trustee of the Tapei Trust Fund issues a dedicated credit card where 0.35% of every purchase made on this card will be placed into the trust fund.

Korea. The National Trust of Korea began as a community movement where a group of concerned citizens started a campaign to collect donation to buy off small pieces of Mt. Moodeung bit by bit, in resistance to the city's plan to develop the mountain. The progress this movement made has encouraged similar activities to take place elsewhere in Korea, and the National Trust of Korea was formed in 2000 as the spearhead of similar activities in the country.

The mission of the National Trust of Korea is to secure quality cultural and environmental properties through public donations and maintain the properties through autonomous management for permanent preservation and enjoyment of future generations.

The values of the National Trust of Korea are to:
▪   Provide open access to all groups and ages to our cultural and environmental heritages.
▪   Value supporters and volunteers.
▪   Manage the cultural and environmental heritages for permanent sustainability.
▪   Eliminate the prejudice that preservation is a backward activity with a focus on the past.
▪   Support the local community volunteers to autonomously preserve and maintain their heritage.
▪   Offer diverse services and benefits for the members and supporters to enjoy the heritage sites.

The vision of the National Trust of Korea by 2020 is to:
▪   Secure a nationwide network of 20 National Trust of Korea properties.
▪   Enlist 10,000 members and 1,000 volunteers to manage its properties.
▪   Become the most respected NGO in Korea through sustainable preservation and transparent management.

Use its properties to offer environmentally friendly and cultural products and thus contribute to the local communities. As of December 2010, the National Trust of Korea had 2,360 members. The Trust is funded primarily through membership fees. There are five membership categories, namely:

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(i)   Preservation Member: individuals or corporations donating W 3 million (HKD 20,700)[2] or above annually;

(ii) General Member: individuals or corporations donating W 100,000 (HKD 690) to W 1 million (HKD 6,900) annually;

(iii) 1% Member: those who regularly donate 1% of their income;

(iv) Youth Member: those who donate W 3,000 (HKD 21) per month; and

(v)   Family Member: any family that donates W 20,000 (HKD 138) or above per month .

The properties of the National Trust of Korea are sites acquired for permanent preservation. At present, the National Trust of Korea has seven properties.

India. The Indian National Trust for Art and Cultural Heritage (INTACH) is a member based NGO – the nation's largest NGO working in the field of culture and heritage management. It was established in 1984 with aims to:

▪ Preserve unprotected monuments and sites;
▪ Protect and conserve the environment and India's intangible cultural heritage; and
▪ Foster awareness and appreciation of its vast multi-faceted cultural heritage.

INTACH acts as the advisory body to central, state and local government and other organisations, for the development of heritage policies, regulations and guidelines. It assists government and local authorities in the implementation of projects, and also raises funds for projects.

Singapore. Singapore, like Hong Hong, has made efforts to engage the public on heritage issues. In recent years, the Singapore Government has embarked on a range of initiatives including establishing the Conservation Advisory Panel (CAP), implementing the 'Conservation Initiated by Private Owners' Scheme', adopting a participatory approach in the policy making process, and running the annual 'Architectural Heritage Awards' event to recognise quality restoration works in Singapore.

The Urban Redevelopment Authority (URA) in Singapore established the CAP in 2002 to advise the government on Singapore's building conservation efforts. To date, URA has gazetted over 5,600 buildings for conservation. These are mainly pre-war buildings located within the Central Area and its fringes. About two-thirds of these buildings have been restored. In recent years, URA notes that there has been an increase in public awareness of conservation issues and concerns about how Singapore's physical landscape is taking shape. The Government recognises the need to involve the public on such issues. [3]

1.8   International Best Practice and Success Factors: Lessons for Hong Kong

The overseas research highlights the importance of:

▪ Ensuring <u>consistency of a Trust's philosophy with its actions</u>, and providing a clear <u>articulation of the Trust's mission</u>;

▪ <u>Eliminating overlaps and duplication of efforts</u> in the heritage sector and focusing on unmet needs, through:

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[2] Exchange rate HKD=144.927W (as at 21st March 2012, using http://www.xe.com/ucc/)

[3] Document is available at: http://www.ura.gov.sg/pr/text/pr02-35.html

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- analysing the existing institutional configuration and ensuring that a new entity will not be viewed as a competitor by existing organisations;
- pursuing collaborative working with partner organisations for the benefit of the sector;

▪ Developing a constituency that believes in the work of the Trust, whether as members or supporters, including through:
- taking a long-term view of potential for membership, including an analysis of the drivers in Hong Kong for members to join and the costs of servicing membership;
- devoting energy to creating a new generation of young people who appreciate and are willing to support heritage causes;

▪ Establishing sound financial planning to ensure that core costs are met and operating costs for properties are covered by endowments and other revenues, including through:
- selecting properties in a prudent manner based on careful study of conservation and management needs before assuming responsibility – properties are a draw for membership but can place a heavy burden of care on a Trust;
- setting out a business plan for the Trust with stages of development;
- developing an investment policy aimed at enhancing capital value of assets, and diversification of revenue earning activities;

▪ Selecting staff with strong leadership qualities who are able to convey the importance of the Trust and attract others; and

▪ Giving adequate attention to governance of the Trust, including the duties and composition of the Board and developing a transparent flow of information to the public and members.

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APPENDIX 3: ORGANISATIONS IN HONG KONG

1.1   Introduction

This Appendix reviews the funding and governance of selected organisations including trusts, funds and public bodies in Hong Kong in the light of key heritage conservation challenges in Hong Kong, and the lessons learned from overseas experience.

Hong Kong has a wide range of statutory bodies and NGOs supporting Government in policy making and delivery of public services. The review in this Appendix takes a tailored approach, presenting aspects of selected organisations that are relevant to the proposed heritage trust. Thus, instead of providing a full review of the selected organisations, the key aspects of relevance are examined on the funding / finance side, consideration is given to the experience of local organisations in maintaining self-sufficiency and financial stability. On the organisational / governance side, consideration is given to a range of issues including board composition, governance, human resource (HR) management and reporting requirements.

1.2   Funding / Finance Issues

The GHK Team has reviewed the funding arrangements of selected organisations in Hong Kong – findings are reported in the table below.

Table A3-1   Funding / Finance Issues in Hong Kong

Points to note from Hong Kong experience	Examples	
	Organisation	**Descriptions**
Some organisations have financial independence. Typically, they are given a significant capital lump-sum or alternative forms of funding (such as land and properties) at the setting up phase and are then expected to achieve self-financing at the operational phase.	Airport Authority Hong Kong (AAHK)	Financially autonomous, freedom to spend its resources as it wishes.
	URA	Financially autonomous, freedom to spend its resources as it wishes.
	West Kowloon Cultural District Authority (WKCDA)	Expected to be financially autonomous.
Public funding may be provided in different forms at the setting up phase to cover initial costs and to generate income at the operational phase.	AAHK	Private treaty land grant, can buy and sell land / properties to generate income. Government equity injection. Infrastructure to support airport development.
	URA	Government equity injection of HKD 10

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Points to note from Hong Kong experience	Examples	
	Organisation	**Descriptions**
		billion.
		Land grant at concessionary premium.
	WKCDA	Capital endowment of HKD 21.6 billion in 2008 to generate investment income.
		Land to be vested at nominal land premium.
		Retail, dining and entertainment uses are permitted to generate a stream of rental income.
Public funding may be provided in different forms at the operational phase to support both capital (one-off) and on-going operational expenditure.	Hospital Authority	Capital subventions
		Recurrent subventions
	AAHK	Development of third runway may require public funding.
	URA	Reduced land premium
Borrowing powers may be provided through legislation.	AAHK	Has the power to borrow from Government and the ability to raise debt from other sources under relevant ordinance.
		Has received credit ratings from Standard and Poor.
		Development of third runway will require raising of funds.
	URA	Has the power to borrow from Government and the ability to raise debt from other sources under relevant ordinance.
		Has received credit ratings from Standard and Poor.

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Points to note from Hong Kong experience	Examples	
	Organisation	**Descriptions**
Core operation of the organisations is often loss making.	Hospital Authority	Hospital and clinical charges only cover a small proportion of expenditure.
	URA	Redevelopment projects might generate profit or loss. Other renewal activities are largely loss making, though URA always seeks to be self-sustaining.
	WKCDA	The operation of arts and cultural facilities and communal uses is expected to generate a significant loss.
Rental income is a common source of revenue for organisations.	WKCDA	Income from retail, dining and entertainment uses is expected to be the main source of income.
	AAHK	Franchise revenue and rental collected through leasing of leasehold land.
	Hospital Authority	Rental income from advertising spaces, quarters, kiosks and car parks[1].
Some organisations receive membership income or supporters' donations / sponsorship / gifts.	Hong Kong Green Building Council (HKGBC)	Income from corporate and individual members
	Chinese Temples Fund	Income from worshippers' donations
	LWHT	When the Trust was first established, it received a total of HKD 43 million donations from various public-

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[1] http://www.info.gov.hk/gia/general/200211/13/1113201.htm

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Points to note from Hong Kong experience	Examples	
	Organisation	**Descriptions**
		spirited individuals and organisations2. Contribution from a credit card programme.
	Hospital Authority	Donations from the Hong Kong Jockey Club.
	WKCDA	Expected to develop membership programmes and hold fundraising activities to secure corporate sponsorship. May sell naming rights to generate income.

1.3   Organisational/governance

This section reviews the governance model / organisational structure of selected organisations in Hong Kong to inform the choice of governance model / organisational structure for detailed analysis in the Draft Final Report.

1.3.1   *Board and Executive Management Structure*

Hong Kong Experience	Examples	
	Organisation	**Descriptions**
<u>Championship</u> The chairman of the board may take responsibility for championing the role of the public body.	Hong Kong Housing Society (HS), URA, Hong Kong Tourism Board (HKTB)	The Chairmen of these boards are all champions and spokespeople.
<u>Board composition</u> Boards of statutory bodies are often represented by both public officers and non-official members / private stakeholders. The proportion of non-official board member varies from one body to	Hospital Authority	The Hospital Authority Board is composed of both public officers and non-official members. The Chairman of the Hospital Authority must not be a public officer. The Hospital Authority Board must include not more than three public officers.
	URA	Similarly, the URA Board is

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2 Lord Wilson Heritage Trust Annual Report 1993/1994 http://www.lordwilson-heritagetrust.org.hk/pub/93-94.pdf

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Hong Kong Experience	Examples	
	Organisation	**Descriptions**
another. Some NGOs have a private board.		composed of both public officers and non-official members. The Chairman and Managing Director of the Board of the URA must not be public officers.
	HKGBC	HKGBC's Board is composed entirely of private sector individuals.
<u>Fundraising</u> Board members may take responsibility for supporting fundraising.	Arts-related organisations, e.g. Hong Kong Ballet	The board sets a goal / target for the level of sponsorship / donations secured by board members. The chairman actively secures sponsorship through events and using personal connections / networks.
<u>Appointment of board members</u> Board members may be appointed by Government, or elected by other members of the organisation.	Hospital Authority	All members of the Hospital Authority Board are appointed by the Chief Executive.
	HS	The HS Supervisory Board consists of 20 elected members, four Government officials as ex officio members, and the Chief Executive Officer and Executive Director.
<u>Board committees</u> Board committees have been established to support the role of the Board and CEO. The board committees deal with complex issues and alleviate the workload of the Board.	HS	Under the Supervisory Board are the: (i) Executive Committee; (ii) Nominating Committee; (iii) Remuneration Committee; and (iv) Audit Committee.
	AAHK	AAHK has established six board committees to consider matters relating to specialised areas upon which they advise the Board and/or, where appropriate, decide on matters within their ambits: (i) Executive Committee; (ii) Audit Committee & Finance Committee; (iii) Capital Works Committee; (iv) China Committee; (v) Infrastructural Planning Committee; and (vi) Remuneration Committee.
	URA	The Board has established the following committees: (i) Audit Committee;

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Hong Kong Experience	Examples	
	Organisation	**Descriptions**
		(ii) Land, Rehousing and Compensation Committee; (iii) Finance Committee; (iv) Planning, Development and Conservation Committee; (v) Remuneration Committee; and (vi) Review Committee.
	Hospital Authority	The Board has established the following committees: (i) Audit and Risk Committee; (ii) Emergency Executive Committee; (iii) Executive Committee; (iv) Finance Committee; (v) Human Resources Committee; (vi) Information Technology Services Governing Committee; (vii) Main Tender Board; (viii) Medical Services Development Committee; (ix) Public Complaints Committee; (x) Staff Appeals Committee; and (xi) Supporting Services Development Committee.
	HKGBC	The Board is supported by the following committees: (i) Finance and Executive Committee; (ii) Communications and Membership Committee; (iii) Green Labelling Committee; (iv) Industry Standards and Research Committee; and (v) Public Education Committee.
	WKCDA	The Board is supported by the following committees: (i) Audit Committee; (ii) Development Committee; (iii) Investment Committee; (iv) Museum Committee; (v) Performing Arts Committee; and (vi) Remuneration Committee.

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Hong Kong Experience	Examples	
	Organisation	Descriptions
Board and board committees may be composed of members with a range of expertise as appropriate.	WKCDA	Board and board committee members include academia, artists, professionals in the planning and construction industry and politicians.
	URA	Board and board committee members include academia, investors / bankers, lawyers and politicians.
	Hospital Authority	Board and board committee members include medical professionals, professionals with accounting, legal and development background.
Board committees: Terms of Reference (TOR) TOR have been established for board committees, setting out their roles and responsibilities and making clear significant issues will be reported back to the Board for decision.	HS	The TOR of the Nominating Committee requires the Committee to review relevant information and submit reports to the Supervisory Board as the Committee deems appropriate. The TOR of the Executive Committee also requires the Executive Committee to review and discuss reports at least on a quarterly basis.

1.3.2   *Organisational Structure / Operational Structure*

Hong Kong Experience	Examples	
	Organisation	Descriptions
Organisations in Hong Kong commonly adopt a deep organisational structure as opposed to the flat structure more commonly adopted in the private sector.	URA, AAHK, HS, Hospital Authority	These bodies have a deep organisation structure. Each division reports to an executive / functional or regional heads, and the executive directors / functional or regional heads report to a managing director / chief executive, who in turn reports to the board.
Functional and geographic structure Functional structures are more appropriate for smaller organisations. Big complex organisations may adopt a mix of functional /	Hospital Authority	Functional / geographic structure
	WKCDA	Functional structure
	URA	Functional structure

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Hong Kong Experience	Examples	
	Organisation	**Descriptions**
geographic structures.		
HR function is represented at the highest level and separated from the running of organisation. HR Director reports to CEO or Finance Director.	Hospital Authority	The head of the Human Resources Division reports directly to the Chief Executive.
Dedicated teams for important functions.	WKCDA	May have a dedicated team for important functions such as fundraising.
Subsidiary companies are set up to perform certain functions that are separated from the main functions of the organisation.	WKCDA	May have subsidiaries for e.g. ticketing services.

1.3.3 **HR Management and Staffing Strategies**

Hong Kong Experience	Examples	
	Organisation	**Descriptions**
HR management follows conservative private sector practices Organisations tend to adopt private sector practices in HR management (e.g. recruiting, compensation, career development / training, and internal communications). Some bodies do this better than the others.	HS	Adopting private sector practices, e.g. more flexible remuneration packages, compensation based on performance.
	URA	Adopts private sector practices but is relatively more conservative, e.g. adopts salary banding.
Modernising the HR system It is possible to modernise the system with minimal disruption. Some bodies have successfully changed whilst others find the transition more challenging.	HS	Successfully changed to a modern system following private sector practices, over the course of about ten years.
	HA	Finding the transition to a private system more challenging.
Fully staffed HR teams	URA, AAHK, HS, HKTB	All of these organisations have fully staffed HR teams helping them to compete in the marketplace for skilled executives.
Board committees for HR HR or Remuneration	URA	Has a Remuneration Committee which reviews the guiding principles for the remuneration

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Hong Kong Experience	Examples	
	Organisation	**Descriptions**
Committee to oversee manpower planning, recruitment and compensation strategies and other HR policy issues. Some are also responsible for senior executive packages.		arrangements for senior executives and general staff with reference to practices in the private sector.
	HS	Has a Remuneration Committee which oversees the overall compensation strategy and remuneration of top management. Also oversees succession planning for top management executives.
	AAHK	Has a Remuneration Committee and a Human Resources Committee. The Remuneration Committee is responsible for reviewing staffing, remuneration and employment policies and strategies; considering remuneration matters including salaries, compensation generally and terms and conditions of service of employees; and advising the Board of Directors on other staff-related issues, including annual corporate goals and performance measures, variable compensation and retirement schemes.

The Human Resources Committee is responsible for the review and formulation of human resources policies and procedures in meeting changing business needs. It is tasked with planning for the development of the overall manpower capability of AAHK, including people development and succession planning for senior executive positions. |
Multi-skilled staff/ multi-tasking to allow more flexible use of staff and offer better career opportunities (especially for smaller organisations).	HKTB	Asks HR to take on procurement of certain services.
	URA	Finance executive becomes CEO.
	Hong Kong Academy for Performing Arts (HKAPA)	Multi-skilled technicians are employed for the operation of performance venues.

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1.3.4   Performance Management and Accountability

Hong Kong Experience	Examples	
	Organisation	**Descriptions**
Accountability Some statutory bodies are accountable to Government under the provision of legislations. They are also answerable to Legislative Council (LegCo), in the same way that Government bureaux and departments are. Some statutory bodies are accountable to nobody but the board. Non-accountable organisations need to be set up and supervised in an open and transparent way, have appropriate checks and balances and the capability for people to ask questions.	Hospital Authority	Accountable to Government through the Secretary for Food and Health. Required to submit a report on its activities, a copy of its annual statement of accounts and an auditor's report on the statement to the Secretary for Food and Health who will table it for discussion in the LegCo.
	AAHK	Directly accountable to Chief Executive. The Airport Authority Ordinance [Cap 483] establishes several arrangements to ensure accountability.
	URA	Required to submit an annual report with audited financial statements and auditor's report to the Financial Secretary who will table it in LegCo. Key members of the Board are required to attend LegCo meetings.
	HS	No higher authority and is accountable to its body of members.
Reporting requirements Annual reports including financial statements are prepared and published for view by the public. CEOs report to the board on a regular basis.	URA	Directly accountable to the public. A register of board members' declared interests is made available for public inspection. URA publishes annual reports including financial statements.
	AAHK	AAHK publishes interim and annual reports including financial statements.
	Hospital Authority	Hospital Authority publishes annual reports including financial statements.
	HS	HS publishes annual reports including financial statements. HS also publishes environmental reports.

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Hong Kong Experience	Examples	
	Organisation	**Descriptions**
	HKTB	HS publishes annual reports including financial statements.
<u>Setting objectives and performance indicators</u> Some organisations are adopting private sector practices and produce strategic / corporate plans and a set of objectives, and review their performance based on key performance indicators (KPIs).	URA	Has three Performance Pledges regarding response times for public enquiries, requests and complaints. Performance updates are regularly provided on its website.
	AAHK	AAHK has published a Hong Kong International Airport Master Plan 2030.
	Hospital Authority	Hospital Authority publishes Annual Plans and Strategic Service Plans.

1.3.5   Membership

Hong Kong Experience	Examples	
	Organisations	**Descriptions**
Member-based organisations	HS	HS is run by its members. However, since end 2000, HS has adopted a new governance structure with the creation of a Supervisory Board and a smaller Executive Committee to enable it to operate as an independent organisation governed by members.
	HKGBC	HKGBC is a member-based entity. It has been registered as a "Company Limited by Guarantee and not Having a Share Capital" under the Section 88 of the Inland Revenue Ordinance.

1.4   Local experience: lessons for Hong Kong

The local research highlights a number of lessons for Hong Kong. On <u>funding / finance:</u>

▪ **Financial sustainability** is the key: the core function of public bodies is often loss making.

▪ Adoption of more private sector management practices could encourage an **entrepreneurial approach** e.g. Ocean Park.

▪ Raising its own revenue is easier for body at arm's length from Government.

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- There are some commercial opportunities for alternative forms of income (admission charges, food and beverage, souvenirs) but these are limited.

- Government funding will be needed, and this can be made available in different forms

- The difficulty of securing recurrent funding can be addressed by an **upfront endowment.**

- The scope for income from individual membership and philanthropic donations may be limited, but there is potential for **corporate sponsorship**. Examples of willingness to take on key issues affecting Hong Kong include: Hong Kong Jockey Club, corporate social responsibility (CSR) of most large private organisations, Kadoorie/CLP, Business Environment Council, Harbour Business Forum.

On organisational / governance issues:

- **Championship** is key – with a charismatic and motivated Chair, and a well staffed organisation.

- Organisational structure:

  - A basic functional structure is common to most public bodies;

  - A **balanced approach** is important, providing for proper governance (checks/balances) while not being overly burdensome.

- A **professional approach** is important – heritage is emotive.

- The **Board requires the right size and mix**.

- It is possible to transfer existing Government employees, but sufficient **private sector participants** are needed to create a new approach, e.g. Housing Society- transition to private sector took 6-7 years.

- Accountability / reporting requirements:

  - There are many existing models and templates to follow;

  - Public bodies are almost always accountable to a Bureau Secretary.

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APPENDIX 4: PROS AND CONS OF ESTABLISHING A STATUTORY HERITAGE TRUST

1.1 Pros and Cons of Establishing a Statutory Heritage Trust

Through establishing an independent heritage trust, Government could achieve a number of goals, although there are a number of risks to bear in mind. The table below sets out the possible pros and cons.

Table A4-1: Possible Pros and Cons of Establishing a Statutory Heritage Trust

POSSIBLE PROS	POSSIBLE CONS
Send a further signal to the public that Government is committed to heritage conservation This would reinforce the signals provided by recent policy developments, including greater public funding commitments to heritage conservation, and establishing a dedicated office (CHO) to implement heritage conservation.	**Reduction in democratic legitimacy** To the extent that the trust would be responsible for delivering Government policy and programmes, its independent status might reduce the democratic legitimacy of Government policy and programmes.
Allow consideration of policy from an independent vantage point A heritage trust independent of Government could identify needs not met by the existing administrative and legal configuration. It could advise Government to eliminate duplications and to appropriately focus its heritage conservation efforts.	**Costs of additional layer of bureaucracy** There would be staffing and other operational costs (e.g. accommodation) associated with setting up the trust. There is a risk that the trust would duplicate resources already committed to heritage conservation. The addition of a public authority outside of Government could make it more difficult to co-ordinate policy.
Provide an opportunity to boost efficiency through devolving selected functions from Government The establishment of a dedicated heritage trust might allow Government to devolve certain functions such as public education programmes, or potentially the delivery of conservation initiatives such as F-Scheme and R-Scheme. This could enable efficiencies through improved co-ordination across the devolved activities and increased partnering with the private and non-profit sector.	**Dependence on Government funding** Funding from the Government for carrying out R-Scheme for example, is subjective to competitive bidding. The issue of funding would be the uncertainties associated with the bidding. If the trust is reliant on Government funding to cover its operating costs, the long-term sustainability of operations is at risk should funding be unavailable when there are other competing funding priorities. Similarly, there is a possibility that Government would overload the trust with obligations that it is unable to fulfil.

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POSSIBLE PROS	POSSIBLE CONS
Help to overcome the issue of competing demands for funding in Hong Kong The establishment of a heritage trust could address the issue of competing demands for funding in Hong Kong. The upfront endowment provided as capital expenditure could allow the new organisation to generate investment and other income to cover part of its operating expenditure and reduce its reliance on Government for recurrent funding. However, it is expected that Government funding for R-Scheme, potentially a substantial part of the budget of the proposed heritage trust, would still be required. Moreover, the trust would provide flexibility to receive donations, both money and buildings, and conduct fundraising activities to generate income for its operation.	**Lack of a membership and donations culture** A further risk to the sustainability of the trust's operations is the lack of a membership and donations culture in Hong Kong.
Enable more certainty for stakeholders, and flexibility in the allocation of funding for implementing heritage conservation projects and initiatives An independent heritage organisation can follow its own set of procedures for allocation of funding with focused consideration concerning heritage conservation. This could provide more certainty to stakeholders (e.g. private owners) about funding arrangements, allowing them to plan their decisions and actions relating to heritage properties. It could also allow more flexibility in the allocation of funds (e.g. involving a wider range of stakeholders in implementation of projects).	

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POSSIBLE PROS	POSSIBLE CONS
Expand the constituency for heritage conservation in Hong Kong A heritage trust could promote wider recognition of the intangible value of heritage, through: · Providing a mechanism for civil society to express its support for heritage conservation, and for Government to engage with the public on heritage issues; · Tapping additional resources from private individuals and organisations – e.g. donations / sponsorship / membership.	
Provide a means of developing links with international heritage bodies A dedicated trust may be better able to forge links with international organisations such as International National Trust Organisation. This could help to promote the application of best practice on heritage conservation in Hong Kong.	

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APPENDIX 5: DRAFT JOB DESCRIPTIONS

1.1 Introduction

This Appendix sets out draft job descriptions for six key members of staff of a heritage trust in Hong Kong – the Chief Executive Officer, and Directors of Finance and Administration, Conservation, Membership, Education, and Communications.

1.2 Chief Executive Officer

1.2.1 Overall Objective

Reporting to the Chairman and the Board of Directors (of which he or she is a member), the Chief Executive Officer (CEO) is fully accountable for all aspects of the successful running of the trust. He or she must ensure that both its day-to-day operations and its strategic development reflect the very highest standards of businesses and charitable foundations in Hong Kong and of heritage conservation best practice. The governance of the trust must also be able to stand up to a high level of public scrutiny.

1.2.2 Principal Accountabilities

i) Financial – Although not for profit, the trust has an obligation to be entrepreneurial in outlook and to generate a surplus in due course both to avoid continuing Government subvention but also to provide capital for future growth. Acting through the Finance Director, the CEO must set the tone for the trust, determine its commercial strategies and see that they are implemented effectively.

ii) Governance – Notwithstanding the commercial role, the CEO must ensure that, as an arms-length body, the trust is open to scrutiny by LegCo and the public and works to the highest standards of corporate governance. Although he / she will have access to an internal audit function, their personal behaviour and approach will be as important as the technical aspects.

iii) Communications – Although the CEO will have Directors accountable for specific functions, the ultimate accountability for the trust becoming a viable operation rests with the CEO. He or she will present exceptionally well to a variety of audiences, develop a wide circle of influential contacts who can help the trust including the media, and interact regularly with Government officials.

iv) Operations – The CEO must ensure that the trust's assets are operated and administered efficiently, cost effectively and be commercially viable. He or she must guide the overall strategy to accomplish this and ensure that his/her subordinates deliver effectively.

v) Membership – In order to help sustain the trust's viability, members, whether individual or corporate, are essential. The CEO, in collaboration with senior staff and the Board, must set the policy and guide the processes for attracting members, for rewarding them and incentivising them to remain contributors to the trust. Similarly, he / she will set the policy for volunteers and provide guidance for their deployment.

vi) Staff – Although staff numbers will not be large, they will come from a variety of backgrounds and influences. The CEO must quickly form them into a cohesive and highly motivated team and avoid a "silo" mentality in order to utilise these scarce and expensive resources to the full.

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vii) Conservation and education – The CEO must be personally committed to the principles of a heritage trust and inspire the team to be equally dedicated. In order for the trust to achieve its objectives – and to be seen to do so – conservation and education about heritage matters is a critical part of the CEO's role. The CEO must further ensure that, to achieve this accountability every member of the team has conservation goals against which their performance is measured;

viii) International Good Practice – The CEO will keep up to date with the latest international trends and research in heritage and conservation matters so that the trust has access to the most modern ways to manage and conserve heritage buildings while operating effectively commercially. He / she will develop relationships with other exemplary international heritage organisations and encourage his / her staff to do so as well as a means to share experience and to increase recognition of heritage conservation in Hong Kong and its heritage trust.

1.2.3   *Qualifications Required*

- University degree or higher

- At least 15 years of experience in leading teams in the culture and heritage, civil society, environment, education, entertainment or hospitality sectors.

- A strong interest and preferably qualifications in heritage matters

- In depth knowledge of Hong Kong and its business environment

- Knowledge and experience of working with the Hong Kong Government

- Charismatic leader and strategic thinker

- Excellent communication skills

- Business like and experienced

- An excellent command of English is essential. Cantonese and Mandarin skills are highly desirable.

1.3   Finance and Administration Director

1.3.1   *Overall Objective*

The Finance Director reports to the CEO and is responsible for all financial accounting and reporting for the trust and its properties. In addition, he or she is the primary source of advice and support for the trust's administration, legal and Human Resources (HR) needs.

1.3.2   *Principal Accountabilities*

i) Develop and implement financial and operational procedures for monitoring and controlling financial investment and operations performance so that the trust has effective, efficient and reliable accounting standards and reports.

ii) Develop and implement financial models for budgeting, income projection, capital investment and project/cost controls and cash management to assist the CEO and Board in making accurate business and operating decisions.

iii) Establish and direct monitoring systems to derive maximum return through revenue control and drive for improved return on all assets in order to contribute to the achievement of the trust's business objectives.

iv) Oversee the projection of capital and cash requirements and align source of funding to ensure prudent fiscal management of the trust's financial assets.

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v) Oversee the development of key financial processes and identify and implement best practices to facilitate proper use of trust resources / assets in accordance with best commercial practice.

vi) Ensure compliance with the highest standards of corporate governance in all aspects of finance and financial control so that the trust is and can be seen to be, managed efficiently and with maximum transparency.

vii) Lead and motivate staff (including those from service providers and in subsidiaries) and upgrade staff competencies to deliver a quality customer service to the trust.

viii) Manage and develop the HR, legal and administrative functions so that the trust has both efficient and compliant internal systems and procedures.

1.3.3 Qualifications Required

- University degree or professional qualification in accounting, finance or law

- At least 15 years in senior financial management with a service-related organisation, preferably with a membership component

- Detail conscious and used to close teamwork and team decision-taking

- Some experience in heritage or conservation would be desirable

- English and Cantonese are mandatory; Mandarin would be highly desirable

1.4 Conservation Director

1.4.1 Overall Objective

The trust's properties, owned by the Hong Kong Government, are vested in the trust which assumes maintenance responsibilities. The role of the Conservation Director is to provide technical and strategic leadership in regard to meeting the needs of conservation and commercial viability and ensuring that the trust's overall objectives are accomplished.

He / she will coordinate closely with the Chief Executive Officer, and Directors of Finance and Administration, Membership, Education, and Communications and their teams to promote consistency of approach through the organisation.

1.4.2 Principal Accountabilities

i) Through regular site visits and inspections and reports from colleagues, direct and manage all forms of physical maintenance (mechanical, electrical and civil) to each of the trust's properties so that they are safe and reliable for visitors and staff and present a professional, well-managed image to the public;

ii) Devise and implement a strategy with the Government, the Board and the CEO to maintain and refurbish trust properties so that they are appropriately adapted to new uses and take advantage of the latest design features, energy efficiency measures and servicing for historic properties;

iii) Project manage the handing over of new historic properties from the Government so that the technical team is fully aware of conservation and reuse issues and can effectively provide on-site service as required;

iv) Act as the trust's representative when dealing with the Government and its sub-contractors who are carrying out conservation work or repair of buildings so that the trust maintains its quality standards and achieves the results it requires;

v) As a priority, take accountability for all technical safety issues that may affect either the public or staff and take the necessary action to prevent accidents or potential accidents.

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vi) Adhere to strict conservation standards and requirements and properly supervise any repair or refurbishment so that the trust's properties are attractive and accessible to visitors while retaining their authenticity;

vii) Utilise the best in modern design techniques to advise the CEO of ways in which their properties can be enhanced in any respect to meet the twin needs of conservation and commercial viability;

viii) Keep up to date with the latest international trends in heritage and conservation matters so that the trust has access to the most modern ways to manage and preserve heritage buildings.

ix) In coordination with the Research and Technical Study team, develop a coherent research agenda. This will include, inter alia, social and economic impact studies, studies of buildings at risk, and assessment of international best practice.

x) Provide guidance to those professionals charged with implementation of R-scheme projects, supervision of F-scheme projects, and oversight of relevant venue management.

1.4.3 *Qualifications Required*

- University degree in architecture or electrical, civil or mechanical engineering

- At least 10 years experience in leading and managing teams in building or related industries

- Knowledge of and appreciation for heritage buildings and their conservation and reuse

- Fluency in English and Cantonese with Mandarin an advantage

- Strong personality with high influencing skills

1.5 Membership Director

1.5.1 *Overall Objective*

The Membership Director manages the concerted effort of the trust to recruit individuals and businesses to become members. Membership is typically granted after a monetary donation has been made. The Membership Director and team interact with the external community to carry out these efforts by promoting the mission of the trust and soliciting potential members.

1.5.2 *Principal Accountabilities*

i) In agreement with the CEO, he/she will create and implement a short and long term strategy for the recruitment of new members including a package of benefits attached to membership so that the trust can become increasingly financially viable

ii) The Membership Director develops and implements a strategy to retain members so that the trust gradually gains long-term support, both financial and social, for its work.

iii) The Director assumes responsibility for all administrative functions for membership promotion, recruitment, retention, renewal, preparation of membership reports, and maintenance of membership database so that the Membership function operates professionally and efficiently

iv) The Director communicates regularly with trust membership and people who are interested in trust membership, on various membership issues by email and telephone and in person

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v) The Director takes accountability for the membership budget and ensures that the trust receives value for money in its membership operations

vi) Keep up to date with the latest international trends in heritage and conservation matters so that the trust has access to the most modern ways to manage and recruit those interested in utilising and preserving heritage buildings.

1.5.3 Qualifications Required

- University degree

- Ten or more years as a manager of teams

- Five or more years in a Membership role with use of membership systems

- Ability to work independently as well as a team player

- Salesmanship and ability to inspire and motivate prospective members

- Excellent communication and interpersonal skills

- Meeting predetermined goals under specific deadlines

- Fluent English and Cantonese are essential. Mandarin would be desirable.

1.6 Education Director

1.6.1 Overall Objective

The Education Director works with colleagues, volunteers and partners in other cultural and heritage sites and museums to deliver high quality and dynamic programmes of learning and participation. He or she is responsible for opening up the learning potential of sites as a learning resource for all ages.

The Education Director develops, delivers and evaluates programmes and events for classes, groups or individuals, often designed to engage those who may not normally visit heritage sites, such as hard to reach young people, young children, older people and families.

1.6.2 Work Activities

The range of activities carried out by a heritage education officer typically involves:

i) Create a learning strategy to engage the public in line with the ethos of the trust so that Hong Kong takes an active, informed interest in heritage matters;

ii) Develop programmes of talks, activities and workshops around particular sites or in response to particular themes or annual festivals so that visitors are engaged in heritage issues and are rewarded for being so;

iii) Liaise with schools, colleges and teachers to promote the use of the sites and their collections in line with school curricula so that young people are aware of and sympathetic to heritage projects and matters;

iv) Create and develop educational resources for visitors, schools, families and special interest groups so that information is readily available to all who want and need it on heritage matters;

v) Deliver talks, workshops and activities in partnership with storytellers, craftspeople and artists to make sure that heritage subjects are professionally covered in an entertaining way;

vi) Manage programmes, budgets and teams of volunteers so that the trust receives excellent value for money for its education programmes;

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vii) Facilitate history inspired activities in the local community in response to requests from schools and community groups or to promote particular exhibitions so that Hong Kong becomes aware of and contributes to the trust's objectives;

viii) Represent and promote Hong Kong heritage on external educational bodies in order to establish a network of useful and productive contacts;

ix) Keep up to date with the latest international trends in heritage and conservation matters so that the trust has access to the most modern ways to educate the public about managing and preserving heritage buildings while operating them effectively commercially.

1.6.3 Qualifications Required

- University degree with at least 10 years experience in teaching or training with an emphasis if possible on heritage and conservation matters

- Good interpersonal skills

- Good communications skills

- Native level English and Cantonese with Mandarin highly desirable

1.7 Communications Director

1.7.1 Overall Objective

Reporting to the CEO, the Communications Director will use all forms of media and communication to build, maintain and manage the reputation of the trust. He or she will communicate key messages to defined target audiences in order to establish and maintain goodwill and understanding between the heritage trust and its public.

1.7.2 Principal Accountabilities

i) With the CEO, plan, develop and implement Communication strategies so that the public, members and stakeholders are regularly informed about the trust and consider it to be a worthwhile and successful organisation;

ii) Liaise with and answer enquiries from media, individuals and other organisations, often via telephone and email so that questions about the trust are satisfactorily answered and criticisms forestalled as far as possible;

iii) Research, write and distribute press releases to targeted media so that the trust's activities and new developments are widely known and supported;

iv) Write and edit in-house publications (such as a newsletter), case studies, speeches, articles and annual reports relevant to the trust so that consistent and powerful messages are regularly available to the public and stakeholders;

v) Prepare and supervise the production of publicity brochures, hand-outs, direct mail leaflets, promotional videos, photographs, films and multimedia programmes so that the trust's activities are seen to be visible and highly professional;

vi) Develop and maintain the trust's website so that the site is information rich, user friendly and attractive, thereby promoting a good impression of the trust and regular hits from interested parties;

vii) Source and manage speaking and sponsorship opportunities, foster community relations through events such as open days and through involvement in community initiatives so that the trust's reach into the community is strengthened;

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viii) Manage the communications aspects of a potential crisis so that the media and public observe an honest and transparent approach to potential problems;

ix) Keep records and analyse the effectiveness of the various communications efforts, including the number of web hits, queries from the public, press notices;

x) Keep up to date with the latest international trends in heritage and conservation matters so that the trust can adopt and highlight to stakeholders the most modern ways to manage and preserve heritage buildings.

1.7.3   Qualifications Required

- University degree in English, media or other relevant studies

- At least ten years of proven experience in public relations or journalism

- Excellent, effective written and verbal communication skills

- Ability to work as part of a team sharing ideas and learning

- Knowledge of Hong Kong media channels

- Fluent in English and Cantonese with Mandarin an advantage

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APPENDIX 6: SUPPLEMENTARY INFORMATION ON STAFF AND OCCUPANCY COSTS OF TRUST

1.1 Introduction

This Appendix sets out further detail on staff and occupancy costs of the new trust, as a supplement to the discussion of costs in section 6.4 of the main Report. This includes an illustration of the number of supporting staff under each Director / Manager, to provide an appreciation of the overall strength under each branch – see Figure A6-1.

1.2 Staff Costs

Figure A6-1 Recommended Organisational Structure Including Support Staff
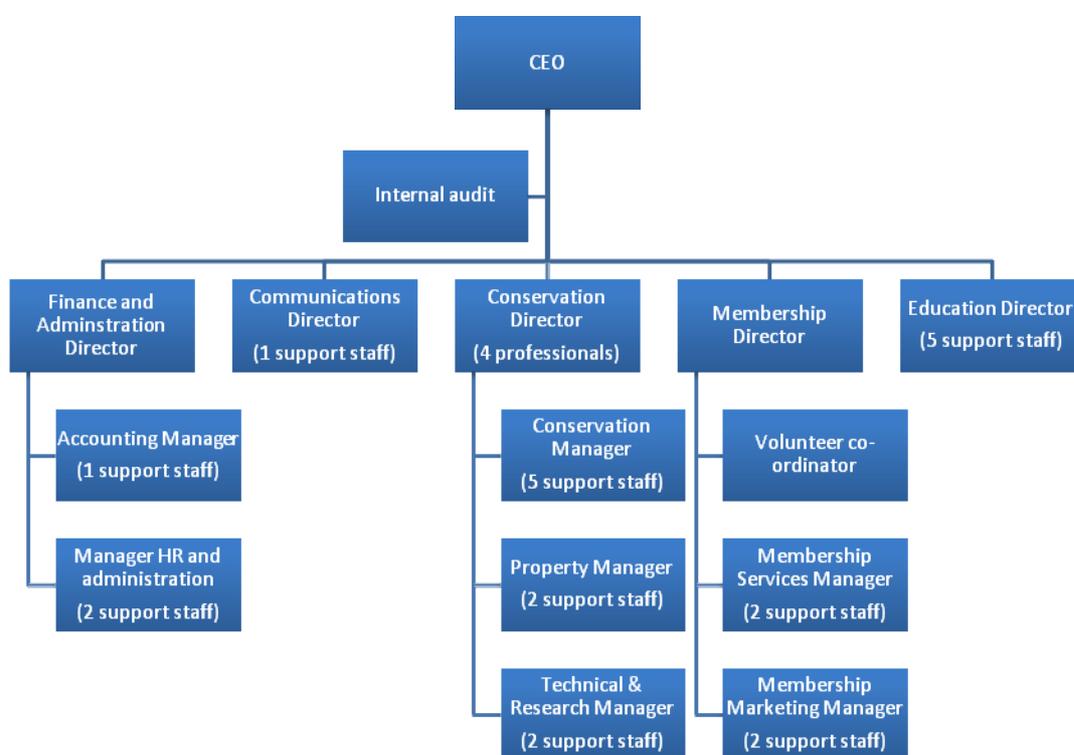
In addition to the setting up of in-house teams to carry out / support the trust's functions, some of the non-core works may be totally or partially outsourced so as to maintain an appropriate size of workforce for the trust to deliver its functions effectively and efficiently. Thus, the overall staff costs, and breakdown in Table A6-1 / Fig. A6-1, are recommended for reference, noting that in practice there should be flexibility to substitute posts / teams with outsourced services.

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Table A6-1   Estimates of Staff Costs of Trust

Cost item	FTE (Full Time Equivalent)	Annual Staff Cost per FTE	Annual Staff Cost, HKD
	1		
Chief Executive Officer[1]	1	3,500,000	3,500,000
Finance and Administration Director	1	2,000,000	2,000,000
Membership Director	1	1,320,000	1,320,000
Communications Director	1	1,320,000	1,320,000
Conservation Director	1	2,000,000	2,000,000
Education Director	1	1,320,000	1,320,000
Internal Auditor	0.5	880,000	440,000
Total Senior Management	6.5		**11,900,000**
Accounting Manager	1	1,100,000	1,100,000
HR, Administration and Procurement Manager	1	660,000	660,000
Conservation Manager	1	1,650,000	1,650,000
Property Manager	1	770,000	770,000
Technical & Research Manager	1	770,000	770,000
Membership Services Manager	1	770,000	770,000
Membership Marketing Manager	1	770,000	770,000
Volunteer Coordinator	1	880,000	880,000
Total Management	**8**		**7,370,000**
Senior Professional (Professionals in conservation e.g. architects, building surveyors, and civil engineers)	4	1,300,000	5,200,000
Total Professional	**4**		**5,200,000**
Accounting Officer	1	275,000	275,000
HR and Administration Officer	2	275,000	550,000
Communications Officer	1	440,000	440,000

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[1] For comparison, remuneration of URA Managing Director is HKD 3,000,000 to 3,500,000; Hospital Authority Chief Executive is HKD 4,418,000; Hong Kong Airport Authority Chief Executive Officer is HKD 3,000,000 to 3,500,000; and HKTB Executive Director is HKD 4,040,000.

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Cost item	FTE (Full Time Equivalent)	Annual Staff Cost per FTE	Annual Staff Cost, HKD
Education Officer	5	330,000	1,650,000
Conservation Officer	5	330,000	1,650,000
Property Officer	2	330,000	660,000
Technical & Research Officer	2	330,000	660,000
Membership Services Officer	2	275,000	550,000
Membership Marketing Officer	2	385,000	770,000
Secretaries	2	275,000	550,000
Office Assistants	1	165,000	165,000
Total Supporting	**25**		**7,920,000**
Total Staff Cost	**43.5**		**32,390,000**

- **Table A6-2   Estimates of Occupancy Costs of Trust**

Cost item	Annual Cost, HKD
Rent	1
Rates	120,000
Utilities	600,000
Security and Cleaning	600,000
Building Maintenance, Supplies, Equipment etc.	600,000
Total	**1,920,001**