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Dear Rammy

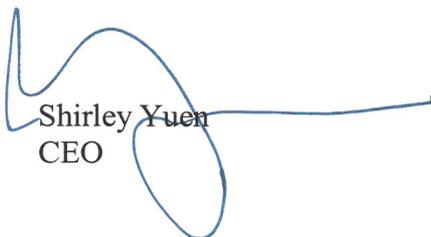
**Developing Kowloon East into a Smart City District
Feasibility Study Stage 1 Public Engagement**

The Hong Kong General Chamber of Commerce supports the Government's initiative to embrace and adopt technology more widely as an accelerator to develop Hong Kong into a smart city, or a "livable city".

We believe that a livable city leverages people-centric and technology-focused solutions, with an aim to increase efficiency of the city's operation and management, improve quality of life for its citizens and strengthen its economic competitiveness. Although Hong Kong has not been at the forefront of smart city adoption, the Government is on the right track of scaling up the momentum. We welcome the selection of Kowloon East to trial run some feasible smart city initiatives. We also urge the Government to be an early adopter of effective solutions as soon as possible, so as to catch up with other smart cities. Our views and recommendations covering conceptual and specific aspects are elaborated in the enclosed paper, and I hope you find it useful.

Thank you.

Yours sincerely


Shirley Yuen
CEO

Encl.

Developing Kowloon East into a Smart City District Feasibility Study Stage 1 Public Engagement

1. The Hong Kong General Chamber of Commerce, in its recent submission on “2017-2018 Policy Address cum Budget”, supports the Government’s initiative to embrace and adopt technology more widely as an accelerator to develop Hong Kong into a smart city. Since there is no universally accepted definition of the term “smart city”, and the concept has been diversely applied in many world cities, it is not sensible to put forward an eclectic mix of notions broadly for a small but dynamic business centre like Hong Kong. Instead, we should configure our own smart city framework based on our strengths, and pick or develop solutions to cope with the bottleneck of sustaining our economy. **Given Hong Kong’s characteristics of having a high population density and bustling business activities within a small territory, the notion that a smart city should mean a “livable city” would be most applicable to us.**

2. **We believe that a livable city leverages people-centric and technology-focused solutions, with an aim to increase efficiency of the city’s operation and management, improve quality of life for its citizens and strengthen its economic competitiveness.** Although Hong Kong has not been at the forefront of smart city adoption, the Government is on the right track of scaling up the momentum. We welcome the selection of Kowloon East (“KE”) to trial run some feasible smart city initiatives. We also urge the Government to be an early adopter of effective solutions as soon as possible, so as to catch up with other smart cities. Our views and recommendations covering conceptual and specific aspects are elaborated as follows:

Innovation-oriented Platform to Showcase KE Development

3. KE, consisting of Kai Tak, Kwun Tong and Kowloon Bay, is an area blending together old establishments and new developments. While the majority of buildings and auxiliary facilities were designed and constructed in a traditional industrial-oriented manner in the early 1970s, the whole area has been undergoing some significant transformations and re-constructions over the years, alongside the evolution of Hong Kong into a financial hub. Nevertheless, KE’s development has not yet attained an effective level, due to the constraints of mixed land use and ownership. We still see many low-rise, old-style industrial buildings, complex alleys packed with pedestrians and frequent traffic congestion, especially in Kwun Tong. This is obviously not optimizing land resources, and not what we would expect from a livable city. The lack of green spaces, primary transport modes being MTR and roads and other urban nuisances in KE replicate many such problems elsewhere in Hong Kong. **KE can therefore serve as a platform to demonstrate the feasibility of implementing various smart city initiatives, and showcase how such initiatives can be incorporated in the process of its transformation.**

4. We support the Government’s vision to transform KE into another core business district (“CBD2”) to support Hong Kong’s economic development. The “Energizing Kowloon East” pilot scheme has already brought in some achievements of creating open spaces at the waterfront area, and presented a forward-looking aspiration to develop KE into a vibrant and green commercial hub with efficient pedestrian connectivity and traffic convenience. To achieve this, **the Government should allow greater flexibility of adopting innovative solutions breaking away from bureaucratic rigidity, and encourage a variety of innovative urban designs while not jeopardizing statutory**

controls. The “Innovation-oriented Platform” proposed by the Government will play a useful function to facilitate co-creation of KE into CBD2 by cross-sector collaboration, knowledge-driven exploration and community engagement.

5. The Innovation-oriented Platform not only serves the function of gathering information and knowledge from stakeholders, but is also a place to build up consensus. While the business sector, like other members in the community, participate in the platform as initiators to drive innovative concepts, **the Government should play a proactive role in consolidating valuable input, addressing hurdles and resolving conflicts among stakeholders**, so as to drive the overall policy framework to materialize the common vision.
6. The success of smart city initiatives depends very much on the availability of easily accessible open source data since they all involve huge amounts of data collection, storage and analytics. **The Government should provide enough encouragement and incentives, and formulate the required legislative framework to facilitate the sharing of data necessary for smart city initiatives by stakeholders.** There needs to be a clear understanding of and distinction between privacy of data (which identifies and associates information with an individual or single commercial entity) and use of anonymously aggregated data which can be of great value (and on which all smart city initiatives depend) without jeopardizing the data privacy aspects.

A Smart Government to Take the Lead

7. **In order to achieve the intended results in an effective and efficient manner, there is a need for the establishment of a high-level designated authority to champion the smart city agenda, ensure integrated policy planning and drive implementation of initiatives.** As different government bureaus and departments will be involved in implementing smart city initiatives, this may represent, to some extent, challenges for the Government to develop, coordinate and implement policies and for private enterprises to easily develop new ideas and implement new initiatives. For example, the installation of new telecommunications infrastructure requires liaison with and permits from several different government agencies, including the Lands Department, Highways Department and Environmental Protection Department. As each of these departments may have its own requirements, policy objectives and operational considerations, the entire process would be quite time consuming. Having one overarching authority to override the bureaucracy would significantly improve the speed with which new policies could be developed and implemented and vital infrastructure could be installed.
8. Specifically in the pilot trial of KE, **we would like to emphasize the importance of integrated policy planning and "inter-operability" among bureaus and departments** to speed up the development process. While the Energizing Kowloon East Office is trying its best to work on the trial, without a higher authority to coordinate inter-departmental efforts to pursue the policy objectives under one policy umbrella, each government agency having its free hand to conduct and implement its own smart city study and initiatives would not achieve desirable results.
9. On a broad sense, while the Government should leverage on the principle of smart governance to offer public services via smarter means, **it should also develop a roadmap with specific timeframes and strategies for achieving the vision of developing a smart city through the KE pilot experiment, so as to build up a facilitative regulatory**

ecosystem to encourage greater private sector's involvements in fulfilling the aspiration for transforming Hong Kong into a smart city. From the private sector's perspective, investment decisions are made only when there are favourable opportunities and policy certainty; incentives are effective drivers to encourage active involvements of businesses.

Utilize Technologies to Support Smart City Framework

10. Technology is indispensable to the development of a smart city, in terms of enhancing city resilience, property and asset management, efficiency of infrastructure, transportation network and energy usage, and connectivity. In particular, information, communications and technology ("ICT"), i.e. wifi infrastructure, Internet of Things ("IoT"), centralised digital systems and the use of big data, will enable a better linkage among multiple initiatives. A smart electricity grid is a good example that demonstrates the essential role of ICT in ensuring a reliable energy supply for the smooth running of a smart city. We believe that **the Government should be more attentive to the adoption of ICT in KE development**, and the development framework will heavily rely on wireless and cross-platform technologies. These include extending the wi-fi hotspots for wider public coverage, strengthening the seamless reception of wireless signals, collecting static and real-time data through IoT system devices, and facilitating data exchange among government departments, the public and private sectors.
11. To fully utilize mass information, a common and user-friendly platform is needed to share data contributed by the Government, industry players and other stakeholders. We appreciate that the Government has established a one-stop portal (www.data.gov.hk) to host and facilitate the sharing of data. However, these data are usually presented in formats which are not straightforward for third parties to use. It could be further improved by offering data through the dedicated portal with open application programming interfaces ("APIs") to enable the public and business startups to access back-end data for developing applications more easily.
12. We need a livable city agenda covering energy efficiency, waste management, improved air and water quality, recreational facilities, open space, sustainability, a public transport/walkability regime and, of course, green buildings, smart living and healthy ageing. To demonstrate the environmental and social benefits of a smart city, **the Government should speed up various pilot and on-going smart initiatives in KE to construct a livable and people-oriented community**. Some examples are:
 - To develop greener, cheaper and cleaner high-rise construction with the aid of intelligent engineering and innovative technologies;
 - To construct smart buildings with smart energy management systems;
 - To make wider use of smart metering and control solutions to help all citizens improve their energy efficiency;
 - To install renewable energy facilities where feasible, and demand response systems;
 - To increase the popularity of electrical vehicles by installing more public and private charging facilities;
 - To develop smart traffic light systems to improve traffic flow;
 - To open data for apps development and data analytics to inform users of traffic flow, traffic congestion, availability of parking facilities and queuing time, to help

users locate vehicles after parking, and to remind users for payments and fees for public services;

- To facilitate better community care in our ageing society with remote monitoring and notifications to families and friends for seniors who live independently in the community;
- To encourage cost-effective coverage of e-health facilities and nursing care services; and
- To implement a number of e-learning and supporting systems in selected schools.

13. The Government will conduct several "Proof of Concept ("PoC") Trials" in KE to demonstrate the feasibility of wider application of new technologies, i.e. Walkable Kowloon East Mobile App, Smart Crowd Management System, Energy Efficiency Data System, Kerbside Loading/Unloading Bay Monitoring System and other smart city solutions. Owing to time constraints and limited resources, **the Government should identify and prioritize those technological solutions that could bring in quick wins to demonstrate social and economic benefits and which possess scale-up potentials for Hong Kong.** Risk assessment should also be conducted on the applications, for example, to evaluate the increased trucking activities after installing Kerbside Loading/Unloading Bay Monitoring System. As to those proposals which may involve heavy investment and/or irreversible consequences, such as major infrastructure projects, the Government should consult stakeholders involved and conduct a thorough cost-benefit analysis before proceeding to implement them.

Conclusion

14. If Hong Kong is to remain attractive as a place to live and work, it should be doing its utmost to harness technology as a means to fulfil such aspirations. We understand that this study is in its initial stage to develop a vision and framework, and thus the above discussion focuses more on strategic and other macro aspects of the consultation. The business sector is looking forward to working further with the Government to lay down a solid foundation with specific strategies and concrete actions to enhance our living and working environment in the Stage 2 consultation.

HKGCC Secretariat
January 2017