

**For discussion  
on 22 July 2014**

**Legislative Council  
Panel on Administration of Justice and Legal Services  
Provision of accommodation support for law-related organisations  
in the West Wing of the former Central Government Offices  
and the former French Mission Building**

**PURPOSE**

This paper briefs Members on the principles and framework for drawing up the mechanism and arrangements for providing accommodation to law-related organisations (LROs) in the West Wing of the former Central Government Offices (CGO) and the former French Mission Building (FMB).

**BACKGROUND**

**Relocation of the Department of Justice (DoJ) to CGO Main and East Wings**

2. As stated in the 2009-10 Policy Address, the Main and East Wings of the former CGO will be preserved for use by DoJ after the relocation of policy bureaux to the new Central Government Offices at Tamar. This arrangement provides an opportunity for DoJ to re-organise its offices to enhance its efficiency and optimise the overall use of government resources.

3. The Finance Committee of the Legislative Council approved in March 2013 the funding proposal for the conversion works of the CGO Main and East Wings required for relocating part of the offices of DoJ to the buildings. The works have commenced in July 2013 and the target completion time is Q1 2015.

**Decision to provide space in West Wing and FMB to LROs**

4. Separately on 4 December 2012, the Government announced the decision to –

- (a) reuse the CGO West Wing as offices for the DoJ, which would allow relocation of all of DoJ's Divisions to the former CGO, including the West

Wing. This will also release DoJ's offices currently accommodated in government-owned premises in Admiralty and Central, such as the Queensway Government Offices (QGO), for use by other government departments and enable the releasing of DoJ's offices accommodated in private buildings in the vicinity of Admiralty; and

- (b) provide some space in the West Wing to LROs to enable such LROs to develop their services as well as to create a favourable environment to attract more international legal and dispute resolution institutions to set up in Hong Kong.

5. In January 2014, DoJ also announced the decision to take over the FMB upon the relocation of the Court of Final Appeal from there and provide space in the building for use by LROs, on top of the provision in the West Wing. We updated the Panel on Administration of Justice and Legal Services on these latest developments in writing on 5 December 2012 and 13 January 2014. We are actively taking forward the planning of the necessary renovation works for the two buildings.

### **Achieving our policy objective**

6. The measures set out in paragraphs 4 and 5 above seek to achieve the policy objective of enhancing Hong Kong's position as a legal services hub in the Asia-Pacific region and strengthening our role as an international legal services centre, as stated in the Chief Executive's 2013 and 2014 Policy Addresses and the Financial Secretary's 2014 Budget Speech.

7. The provision of accommodation support to LROs in the former CGO Complex would help achieve the objective of establishing the area as a "legal hub". This will enable LROs to develop their services, and create a favourable environment to attract more international legal, arbitration and mediation institutions to set up in Hong Kong, and in turn enhancing the competitiveness of Hong Kong as a centre for international legal and dispute resolution services in the Asia-Pacific region. Housing these LROs under one roof would create synergy in their operations. The co-location of LROs allows for shared and efficient use of common facilities for training, conferencing activities and as venues for mediation / arbitration. This will maximise the use of space in the area. The proximity of these organisations with each other (as well as with DoJ) would also facilitate the organising of joint events.

## Area to be provided to LROs

8. Currently, DoJ sponsored the accommodation of four LROs<sup>1</sup> in a total area of about 2 050 m<sup>2</sup>. Apart from providing space to them in the West Wing and FMB when the renovation is completed, additional space will also be provided in the West Wing and FMB for the following use –

- (a) about 1 500 m<sup>2</sup> for use by prospective LROs which are known to us and are providing services compatible with the Government's policy objective;
- (b) for use by other suitable LROs that may be identified between now and late 2017, particularly international organisations the successful recruitment of which would help boost Hong Kong's position as a legal services centre. About 1 000 m<sup>2</sup> is to be set aside for this purpose; and
- (c) provision of ancillary facilities for the arrangement of meetings, seminars and training, as venues for mediation / arbitration, by DoJ, LROs and legal professional bodies, in the promotion of legal services, mediation and arbitration. About 100 m<sup>2</sup> is required for such facilities.

9. On the above basis, we estimate that an area of about 4 500 m<sup>2</sup> would be required for accommodating the LROs. We would adopt a two-stage approach in meeting the accommodation needs of LROs as follows –

- (a) to set aside about 3 500 m<sup>2</sup> (comprising the whole of the FMB, which can provide an estimated usable area<sup>2</sup> of about 1 200 m<sup>2</sup>, plus 2 300 m<sup>2</sup> from CGO West Wing), for providing space to the LROs being sponsored by DoJ and other known prospective LROs (paragraph 8(a)), and for providing common meeting and training facilities (paragraph 8(c)); and

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<sup>1</sup> They are :

- Hong Kong International Arbitration Centre (HKIAC)
- Asia Office of the International Chamber of Commerce, International Court of Arbitration (ICCICA)
- Asia Pacific Regional Office of the Hague Conference on Private International Law
- China International Economic and Trade Arbitration Commission (CIETAC) Hong Kong Arbitration Center

<sup>2</sup> The estimated usable area is a preliminary estimation based on desk-top study and is subject to detailed technical feasibility studies.

- (b) to set aside an additional 1 000 m<sup>2</sup> or so for accommodating other suitable but yet to be identified LROs for at least five years. Extension of tenancy for such LROs beyond the five-year period will be subject to the discretion of the Government, having regard to the overriding accommodation needs of DoJ, and a review of the effectiveness of the scheme and other factors relevant to the provision and use of government-owned accommodation.

10. The exact area to be provided to the LROs will be worked out in due course, having regard to the space that can be made available in the West Wing (to be ascertained in the detailed design of the building to commence shortly) and the space requirement of DoJ in the West Wing (which DoJ is currently working out with the Government Property Agency (GPA))<sup>3</sup>.

## **PRINCIPLES AND FRAMEWORK FOR THE PROVISION OF ACCOMMODATION TO LROs**

### **Eligibility and selection criteria**

11. In considering the allocation of space in the West Wing and FMB to LROs, the following eligibility criteria will be adopted –

- (a) the prospective tenants should be non-profit making LROs<sup>4</sup> and have been operating in the law-related or dispute resolution field in or outside Hong Kong;
- (b) the services to be provided on the premises should be compatible with the

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<sup>3</sup> The total area currently occupied by DoJ in the vicinity of Admiralty is about 17 700 m<sup>2</sup>, including about 13 000 m<sup>2</sup> at QGO and about 4 700 m<sup>2</sup> in outstation offices, but there is a shortfall in office provision for these offices. The net usable floor area of CGO Main and East Wings is about 11 170 m<sup>2</sup>, which is not sufficient to meet our total accommodation need. We are working with departments concerned to work out the net usable floor area of CGO West Wing and see how it can most effectively accommodate the remaining existing DoJ offices not to be relocated to the Main and East Wings, as well as to meet the existing shortfall in office provision for these offices and the area for meeting the future development need of the Department, on top of providing accommodation for LROs in the building as currently proposed. We will make due reference to the prevailing space standards adopted in the Government and exercise due diligence in working out DoJ's space requirement.

<sup>4</sup> Organisations exempted from tax under s.88 of the Inland Revenue Ordinance (Cap. 112) are considered as non-profit making non-government organisations under Accommodation Circular No. 1/97. We will study whether other criteria should be included.

policy objective of enhancing Hong Kong's position as a legal services hub in the Asia-Pacific region and strengthening our role as an international legal services centre (paragraph 6 above); and

- (c) the LROs concerned should not have received a capital grant from the Government or any other sources for constructing or buying its own premises, or subsidy of any kind from any other sources for accommodation support.

These criteria are broadly in line with the factors to be considered in selecting non-government organisation tenants for surplus government-owned premises under the existing policy<sup>5</sup>.

### **Mechanism and selection criteria**

12. We will set up a committee to consider the details of the mechanism and its implementation, such as assessment of the merits of prospective tenants and the suitable rental / tenancy arrangements for the selected LROs, and provide relevant advice to the Secretary for Justice. The terms of reference and membership of the committee are at **Annex**. Where necessary, the advice of the Financial Services and the Treasury Bureau / GPA would be sought in the implementation process.

13. If the demand for space outstrips the area that can be provided, a process of selection will be necessary and the following selection criteria will be adopted –

- (a) the relevance of the LROs' services to achieving our policy objective;
- (b) the years of experience in providing the services concerned, as well as the performance, reputation and contribution of the LROs in the law-related field;
- (c) the benefits that the LROs will bring in advancing our policy objective; and
- (d) the financial position of the LROs and the prospect of their becoming self-financing in the longer-term for paying market rental.

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<sup>5</sup> The only key exception is that we do not require LROs to be in operation for a specific number of years (as opposed to requiring non-government organisations to be in operation for at least three years under the existing policy). We consider it advisable not to exclude newly-formed LROs if their operation supports our policy objective.

## **Factors for considering the space to be provided**

14. Since the mode of operation of the LROs is not the same as that of government departments, it is neither practical nor desirable to strictly adopt the space standards for government offices in considering the space requirement of LROs. We will take into account the factors below for considering the space to be provided to individual successful LROs –

- (a) the nature and scope of service;
- (b) the number and position of staff;
- (c) the expected utilisation rate of the facilities;
- (d) the area currently used to provide the service;
- (e) reference to comparable local and overseas organisations;
- (f) the justification provided in support of the accommodation requested; and
- (g) the flexibility of sharing common facilities with other LROs.

15. DoJ will develop a set of more detailed yardsticks for considering the space to be provided to individual LROs. Given that West Wing is of high commercial value, some form of space vetting should apply to ensure that the level of provision would not be over-generous and is comparable to the government accommodation standards for prudent use of valuable land resources. However, we will give due regard to the special nature of the LROs concerned, their difference in mode of operation when compared to government departments, and the size of their current office (particularly for those LROs under government sponsorship), to ensure that an appropriate area is provided to each of the LROs to facilitate their effective operation.

## **Rental**

16. Considering that the former CGO (including the West Wing) and FMB will be allocated to and managed by DoJ and noting the policy decision to provide accommodation support to LROs in these premises, we may consider offering accommodation to the selected LROs at nominal rental, provided that they meet the criteria set out in paragraph 11 above and if their financial position warrants such treatment. This said, we will pursue with the LROs arrangements that the assistance to be provided should be reduced as their financial situation improves

over time.

17. Rental arrangement aside, the LROs have to be responsible for other accommodation-related costs, including management fees, electricity charges, refurbishments, repairs and maintenance of specific items, reinstatement costs, etc, which will be specified in the relevant tenancy agreements.

### **Oversight requirements**

18. In line with common government practice, the selected LROs will be required to provide to DoJ the necessary information or documents, such as financial information and utilisation of certain facilities, for DoJ's review of the cost-effectiveness of providing accommodation support.

19. Moreover, the LROs will be required to provide on an annual basis more detailed information on their operation to enable DoJ to better monitor their performance and assess the merit for continued support in line with our policy objective.

### **Action time frame**

20. We will approach prospective LROs, inviting and vetting applications, in around Q3 2014 to Q1 2015, with a view to putting them up in the West Wing and FMB, on completion of the renovation of these buildings.

### **ADVICE SOUGHT**

21. Members are invited to note the content of this paper and give their views.

Department of Justice  
July 2014

**Committee to be set up to decide on the provision of accommodation support for LROs in CGO West Wing and FMB**

**(A) Proposed terms of reference**

To consider the arrangements in relation to the provision of accommodation support for law-related organisations (LROs) in the West Wing of the former Central Government Offices (CGO) and former French Mission Building (FMB) and to provide advice to the Secretary for Justice, including –

- (a) selection of LROs to be housed in the West Wing and FMB, based on assessment of the relative merits of prospective organisations;
- (b) allocation of office space to the selected organisations based on the relevant factors for considerations;
- (c) determination of the rental charges for the selected organisations;
- (d) determination of the appropriate terms and conditions of tenancy to be imposed on selected organisations; and
- (e) review of the procedural mechanism from time to time.

**(B) Proposed membership**

Chairman

The Secretary for Justice

Members

- (a) representative(s) from the Department of Justice;
- (b) representatives from other government bureaux / departments;
- (c) two members appointed in personal capacity, one each from the Hong Kong Bar Association and the Law Society of Hong Kong; and
- (d) other members appointed in personal capacity from other relevant sectors (such as the business sectors which are users of legal services).