



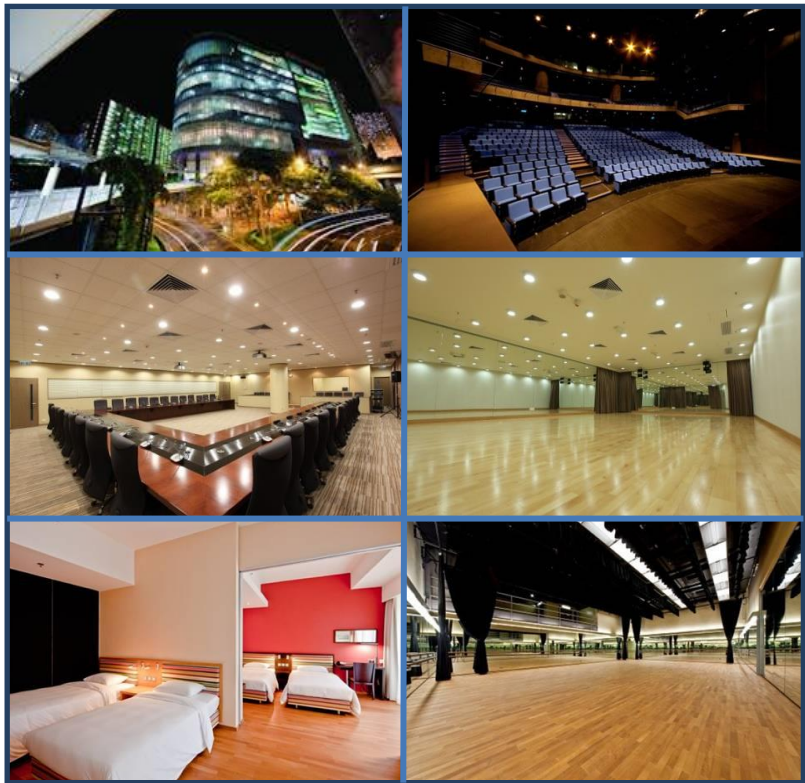
Provision of  
Consultancy  
Services for Review  
on Youth Square

Executive Summary

27 December 2013

Prepared for:  
Home Affairs Bureau  
The Government of Hong  
Kong SAR

HONG KONG



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## EXECUTIVE SUMMARY

### 1. BACKGROUND

In 1997, the Chief Executive of the Government of the Hong Kong Special Administrative Region (“Government”) tasked the Commission on Youth (“COY”) to carry out a study on youth development<sup>1</sup> and mapped out the direction for young people to follow in order to realize their full potential.

One of the major recommendations of the COY report was that a central facility to provide a focal point for youth development activities should be constructed in Hong Kong. There was a view that “*if the recommendations in the COY Report is accepted*”<sup>2</sup>, that would lead to increased involvement of non-governmental organizations (NGOs) and youth groups which in turn would generate a further need for support and co-operation. At that time, the Chairman of the COY, who was also a member of LegCo, also pointed out that the lack of venues and facilities for youth development activities had forced youth organizations to rent commercial venues for youth or exchange activities. Hence, there was a need to build a modern youth centre.

It was therefore recommended that the Government should consider setting up a central facility as a focal point for providing the necessary steer for NGOs, youth groups and other interested parties that would be involved in youth development.

In considering the fact that there were “*other community centres and children and youth centres providing youth services*”, the COY Report expected that “*programmes can be provided to support and reinforce leadership training programmes organized at the central facility for youth development, which will further serve as a forum for key players to exchange ideas and organize developmental programmes*”<sup>3</sup>

The Chief Executive accepted this recommendation and, in his 1998 Policy Address, he announced that the site of the then Chai Wan Community Centre should be re-developed into such a facility.

The development of the Youth Square in Chai Wan (YS, formerly known as the Hong Kong Centre for Youth Development), at an estimated capital cost of HK\$771 million with a total gross floor area of about 40,000 square metres, is a key investment to promote youth development of the Government.

The original objectives of establishing YS were to:

- serve as a focal point for territory-wide youth development activities in Hong Kong;
- provide facilities and venues for promoting youth development and training; and
- provide the steer and support for NGOs involved in youth development work.

### 2. ABOUT YOUTH DEVELOPMENT

To date, there is no single definition of youth development that has emerged to be accepted across the entire youth services around the world. Two definitions quoted below however would capture the essence of youth development:

“Youth development is a process which prepares young people to meet the challenges of adolescence and adulthood through a coordinated, progressive series of activities and experience which help them to become socially, morally, emotionally, physically, and cognitively competent. Positive youth development addresses

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<sup>1</sup> Report of the “Study on Civic Awareness and Moral Values of Youth”, conducted by the COY in August 1998.

<sup>2</sup> ditto.

<sup>3</sup> ditto.

the broader developmental needs of youth, in contrast to deficit-based models which focus solely on youth problems.” - *The National Collaboration for Youth Members*

“Youth development refers to the process of all young people undergo as they build the individual assets or competencies needed to participate in adolescence and adult life. Ideally, young people receive support from their peers, families, caring adults, schools and community institutions, thereby increasing the likelihood of positive youth development and improved life outcomes.” - *The Funders’ Collaborative on Youth Organizing (FCYO)*

Based on a literature review undertaken by the Consultant, a number of key characteristics about youth development are summarized below:

- Youth development is a process, and not a goal. The purpose of youth development is for a person to continue to develop and the focus should be on ‘progress’ instead of concise measurable behaviours.
- Although the goals of many youth development programmes are not always amendable to measurable outcomes or behavioral objectives, the goals can however provide a helpful framework to guide action.
- Youth development is generally promoted by engagement in activities that are regular and enduring and that are challenging in the sense of increasing in complexity as people gain competence.
- Environment in which youth development occurs is a set of nested contexts ranging from families and peer groups (microsystems) to the culture and government (macrosystems) and also about how these contexts or systems interact.
- The best-designed programme is, by itself, neither the sole nor even the strongest influence on the attitudes and behavior of the participants. Young people are also influenced by their peers, families, neighborhoods, the media, their perceptions of their chances to “make it”, and the interactions among all these influences and more. In addition, the variety of interests, generic endowments (including talents and temperament), and previous experiences different people bring with them also have an impact on the youths.
- Youth programmes and organizations affect participants differently. Outcomes will never be uniform regardless of how good programmes and organizations are. Such inescapable differences reinforce the importance of both variety and choice. One activity is not developmentally appropriate and enhancing for all.

In Hong Kong, the promotion of youth development is considered to be a meaningful policy objective. Apart from providing subsidies to youth organizations and NGOs, the Government also sponsors a wide range of youth development activities. The Home Affairs Bureau (“HAB”) is responsible for implementing a multitude of youth development activities outside schools, including leadership training, civic education, character building, artistic pursuits, social skills, etc.<sup>4</sup>.

HAB has developed five policy objectives for youth development<sup>5</sup>:

- to promote positive values among young people;
- to enhance their understanding of Chinese culture and heritage;

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<sup>4</sup> Opening statement by the Secretary of Home Affairs at meeting of Public Accounts Committee on 30 April 2012

<sup>5</sup> The Home Affairs Bureau’s website

- to encourage their participation in voluntary and community work;
- to broaden their international perspective; and
- to promote leadership training among them.

These objectives are pursued by HAB through various platforms such as the COY, the youth uniformed groups, the District Youth Programme Committees and the Youth Square etc.

For instance, HAB works closely with the COY in implementing youth development programmes including “the Community Participation Scheme for Organizing Study Tours to the Mainland” and “Youth Internship in the Mainland”, under which NGOs can apply for funding in organizing relevant activities and projects. The COY also undertakes researches and studies on matters pertaining to youth, as well as organizes international youth exchange programmes between local and overseas youth in Japan, Singapore, Ireland, the United Kingdom and Poland.

In addition, HAB also provides recurrent subvention to the eleven uniformed groups and two NGOs for providing non-formal education and training programmes for young people in Hong Kong.

**As one of the platforms within the youth development framework in Hong Kong, the main purpose of YS<sup>6</sup> is to serve as a focal point for territory-wide youth development activities in Hong Kong. It would provide facilities and venues for promoting youth development and training.**

### 3. ABOUT YOUTH SQUARE

YS offers a diversified range of venues and large-scale facilities. It comprises:

- A main block (3 lower ground floors and 13 floors above the ground floor);
- A hostel block (12 storeys); and
- Other major facilities including an auditorium, exhibition platform, multi-purpose hall, offices, multi-purpose function rooms, catering and retail etc.

YS commenced operation in phases in August 2009 and officially opened in March 2010. Under the current mode of management and operation, the HAB is responsible for representing the Government in direct overall operation and management responsibility of YS whilst the day to day management and operation services, including leasing, promotion, marketing, customer services and repairs and maintenance, have been contracted out to a management and operations service contractor (“the Contractor”) under a seven year contract. The Contractor is New World Facilities Management Company Limited (“NWFM”)<sup>7</sup> and their contract runs from 23 April 2009 to 22 April 2016.

The following six youth development objectives (6G) have been formulated which set the directives for youth development of YS:

- Groom (悉心培訓) - Groom youths’ capabilities (培訓青年人才能)
- Growth (培育成長) - Nurture youths to grow (培育青年人成長)
- Green (環保綠化) - Elevate green / environmental awareness (提高環保綠化意識)
- Global vision (環球視野) - Develop a global vision (拓闊環球或國際視野)
- Glow (發揮所長) - Encourage youths to glow (鼓勵青年人發揮所長)

<sup>6</sup> Home Affairs Bureau’s website

<sup>7</sup> New World Facilities Management Company Limited is a not-for-profit establishment and a wholly-owned subsidiary of New World Development Company Limited.

- Give (回饋社會) - Giving back to the community (回饋社會)

In February 2005, HAB informed the Legislative Council (“LegCo”) that it would undertake a review of the management and operation mode of YS after three years of operation in order to assess whether the existing management and operation mode is the most cost-effective and appropriate arrangement.

In addition, the Audit Commission (“Audit”) and the Public Accounts Committee (“PAC”) had also examined the management and operation of YS in April 2012<sup>8</sup> and in July 2012<sup>9</sup> respectively, and both had identified a number of areas for improvement for YS.

#### **4. OBJECTIVE OF THE REVIEW**

Against this background, URS Hong Kong Limited (the Consultant and previously known as “Scott Wilson Limited”) was appointed by HAB in January 2013 to conduct a comprehensive review of the strategy, performance and operations of YS (the “Review”), taking into account the Audit and PAC comments and to make recommendations to ensure that YS achieves its intended purpose going forward with affordability and cost-recovery in mind.

The objectives and scope of the Review include<sup>10</sup>:

- (a) Way-forward and positioning of the Youth Square
- (b) Review on the management and operation mode of Youth Square
- (c) Rental strategy of hostel
- (d) Provision of catering services
- (e) Gainful use of facilities
- (f) User-friendliness of facilities
- (g) Setting of focal theme
- (h) Networking with youth organizations

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<sup>8</sup> Audit Report on Youth Square, March 2012.

<sup>9</sup> P.A.C. Report No. 58, 2012

<sup>10</sup> Consultancy brief of “Provision of Consultancy Services for Review on Youth Square”

## 5. METHODOLOGY

The Review was undertaken over a six-month period, from January 2013 to July 2013.

As part of the Review, the Consultant examined the current state of YS by undertaking a desktop review of the relevant documents and a stakeholder engagement exercise. The Consultant had approached various stakeholders, including HAB, NWFM, MAC, other relevant government departments, Eastern District Council, past and current tenants/users of YS, youths and various youth organizations in Hong Kong, for in-depth interviews and focus group discussions.

A total of 91 organizations (including government departments, contractor, MAC focus groups<sup>11</sup>, current tenants, past tenants, future tenant, youth related NGOs etc.) had been approached for the stakeholder engagement exercise, out of which 34 were interviewed, 3 declined the requests with the rest (54) not responded.

In summary, a total of 36 interviews had been conducted with 34 organizations. A list of in-depth interviews with key stakeholders is summarized below.

No.	Organization	Category	No.	Organization	Category
1	New World Facilities Management Ltd (NWFM)	Contractor	18	Roads	Current tenant (Office)
2	Home Affairs Bureau (HAB)	Government department	19	Committee on Youth Smoking Prevention Ltd	Current tenant (Office)
3	Leisure and Cultural Services Department (LCSD)	Government department	20	Lok Kwan Social Service	Current tenant (Office)
4	Social Welfare Department (SWD)	Government department	21	Hong Kong Art School	Current tenant
5	Education Bureau	Government department	22	Hong Kong Youth Counselling Association	Youth-related NGO
6	Financial Services and the Treasury Bureau (FSTB)	Government department	23	The Hong Kong Committee for UNICEF	Youth-related NGO
7	Hong Kong Professional Bakery and Confectionery Vocational Training Centre	Past tenant	24	ABM HK Swatow Baptist Church Fung Tak Baptist Children and Youth Integrated Services	Youth-related NGO
8	Iconic Square Ltd	Current tenant (Caterer)	25	Methodist Epworth Village Community Centre Yiu Tung Integrated Team	Youth-related NGO

<sup>11</sup> HAB assisted on MAC Focus Groups arrangement.



No.	Organization	Category	No.	Organization	Category
9	Studio 360	Current tenant (Retail)	26	Chinese Rhenish Church HK Synod Choi Wan Rhenish Children and Youth Integrated Services Centre	Youth-related NGO
10	The Church of Christ in China, Chai Wan Church-Fan-Fire	Current tenant (Retail)	27	Free Methodist Church Tuen Mun Children and Youth Integrated Services Centre	Youth-related NGO
11	Eastern District Arts Council	Current tenant (Retail)	28	St James Settlement	Youth-related NGO
12	Smartland Education Centre	Current tenant (Retail)	29	The Hong Kong Red Cross	Youth-related NGO
13	Hong Kong Youth Social Capital Archive	Current tenant (Retail)	30	The Salvation Army	Youth-related NGO
14	TWGHs GES Arena	Current tenant (Retail)	31	Hong Kong Young Women's Christian Association	Youth-related NGO
15	Hong Kong Dance Federation Limited	Current tenant (Office)	32	Eastern District Council	Other stakeholder
16	The Hong Kong Federation of Youth Groups	Current tenant (Office)	33	Hong Kong Chingying Institute of Visual Arts	Other stakeholder
17	Hong Kong United Youth Association Ltd	Current tenant (Office)	34	Hong Kong General Chamber of Social Enterprises Limited	Other stakeholder

In addition, a total of six focus groups had been held with individual youths aged between 15 and 29 and 2 focus groups had been held with MAC representatives as shown below.

No.	Target discussants	No. of discussants	Date
1	Non-engaged youths	8	15 March 2013
2	Employed youths	8	21 March 2013
3	Students – group 1	8	25 March 2013
4	Students – group 2	8	28 March 2013
5	Youth Square users – group 1	9	2 April 2013
6	Youth Square users – group 2	7	5 April 2013
7	MAC Focus Group	6	9 April 2013
8	MAC Focus Group	2	16 April 2013

For both in-depth interviews and focus groups, the following aspects of YS had been consulted with the key stakeholders:

- the overall impression of YS and whether its intended objective is achieved;
- opinions and views on the affordability and user-friendliness of the venues and facilities at YS (including performance venues, multi-function areas, hostel, retail, catering and office);
- future positioning and focal themes of YS;
- marketing and promotion of YS; and
- recommendations on how YS can enhance its role in youth development.

## 6. VIEWS COLLATED

Based on the desktop review and views gathered from the stakeholder engagement exercise, the Consultant collated some of the views and expectations on YS from the perspectives of Objectives and Strategy.

### On the Objectives of YS

- All the stakeholders engaged opined that it has been extremely challenging for YS to achieve both the objectives of youth development and full-cost-recovery. Many elaborated that for a facility to achieve youth development, charges must be set at a level that is affordable to the target users in order to attract them to use the facility. This usually means that charges have to be set below market rates and in some cases (e.g. to a specific user group who is in need) facility should be provided for free of charge. For the case of YS, given its location in Chai Wan and that some of its facilities can be easily found elsewhere in Hong Kong, rental charges of venues and facilities must be set at an attractive level to overcome its geographical disadvantage from the users' perspective.
- YS is one of the important platforms to pursue the objective of youth development. It is envisaged that YS should serve as a platform for youth organizations to host youth events and activities by providing

venues and facilities to these organizations at affordable prices. Its main focus should be on the provision of venues and facilities as there are already many youth activities conducted by youth organizations outside the Government.

- MAC members who have been close to the development of YS even expressed that the issue of YS achieving youth development while at the same time aims to recover its operating cost is restraining it from achieving the youth development objective ‘wholeheartedly’ and causing difficulty for all parties involved to focus on how YS can maximize its role in contributing to youth development.
- For the youth organizations, the majority of them agree that there is a need for YS to serve as a focal point for youth development activities. Many of them have limited budgets, and the facilities at their centres are usually small in scale and old. Venues and facilities at YS provide them with an alternative for hosting large scale events at affordable prices.
- For the youths, they expect YS to be distinct and to provide them with a place to “*get together with friends, develop their skills, explore their interests, support young entrepreneurs*” while at the same time supported by some recreation activities and affordable venues and catering services.

### **On the Strategic Issues of YS**

#### *YS Performance Monitoring and Direction*

- All stakeholders interviewed expressed that youth development is a long-term, ongoing process and a necessary investment for the sake of our future society. It will be challenging to set targets aiming to measure the YS’s contribution to youth development.
- From the Government’s perspective, youth development is a long-term commitment delivered through various policy areas, such as education, employment, sports, arts and culture etc. It is being promoted through a number of platforms at the same time and YS is one of them.
- Furthermore, it is acknowledged by many youth organizations that the development of youth is a process of internalization including self-growth, translating what the youth learns into his/her skills and knowledge, and contributing back to his/her surroundings etc.
- As such, it is generally agreed that it will be very difficult to form any output-specific measurements to measure how YS has contributed to youth development.
- Nevertheless, in order to illustrate the extent to which events and programmes held at YS are relevant and contributing to youth development, a few of the MAC members suggested that some kind of “input-specific” measurement indicators should be established.

#### *Existing mode of operation and management*

- Many MAC members praised the thoughts and efforts that NWFM has made in the past two years which have led to a significant improvement in YS’s overall performance.
- It is understood that NWFM has made some effort to communicate with YS’s tenants and youth organizations. Some tenants and youth organizations felt that such communications could be further enhanced, in particular many of them would be interested to discuss with YS on potential collaborations of youth events and activities on a regular basis.

### *Positioning and theme*

- Almost all stakeholders stating that YS needs to have a more distinctive position on how it would serve youths and youth organizations, and this should be supported by affordable pricing of venues and facilities as well as enhanced communications between YS and these parties.
- Many also suggested that YS needs a focal theme(s) to distinguish itself from other community centres. However there are diversified opinions on whether YS should just focus on one theme (e.g. Arts and Culture) or multiple themes (e.g. leadership, international youth exchange centre etc). For those who opt for multiple themes expressed their concerns that YS should serve a wide range of youths and having only one theme would limit its potential in achieving its wider objective. Furthermore, there has been an increasing number of venues that provide art and cultural activities in Hong Kong, and these stakeholders worried that YS may not be able to compete with these other venues. Apart from arts and cultural activities, other key themes for YS that have come up from the stakeholders interviews include, 'professional training', 'leadership', 'interest classes and creative activities', 'international youth exchange centre', 'entrepreneurship' etc.
- Some also pointed out that the retailers on the 3<sup>rd</sup> Floor and catering services on the 4<sup>th</sup> Floor do not match the "youth" theme.

### *Location*

- Despite YS is located adjacent to Chai Wan MTR Station, youths and youth organizations generally have an impression that YS is not centrally located. Currently, the main users of YS are students living/studying nearby (on Hong Kong Island) and from Tseung Kwan O.

## **7. MAJOR FINDINGS**

### **Operational performance**

- Since its opening, the performance of YS has been improving steadily over the past three years. As the contractor being responsible for the day-to-day management and operation of YS, NWFM has focused its effort on devising strategy for YS and implementing marketing and promotional events to draw youths and youth organizations to YS and to use the venues and facilities available.
- Since the contract year of 2010-2011, NWFM has either met or exceeded all of the key performance targets set out in its contract.
- YS's visitor number has nearly doubled in the past two years and the use of major performance venues has also been increased. Occupancy rates of office space and retail shop reach well above the performance targets and the youth hostel registers an occupancy rate at 85% or above which is comparable to industry benchmark with over 40% of its occupants coming from the youth organizations. The number on events held at YS has also been increased, with a larger proportion of these events being youth-related activities.
- On the other hand, it is observed that some minor facilities, such as Recording Studio, Photographic, Room, Piano Rooms and Band Room etc, have been experiencing low usage because of a number of reasons, including:
  - the location of YS;
  - some of these facilities are not unique and can be easily found elsewhere; and
  - hiring charges are relatively high.

- It is worth noting that, the Hong Kong Art School (HKAS) has started moving into YS from June 2013, taking up some of the spaces of the minor facilities. More importantly, it is envisaged that HKAS will bring in organic changes in the use of the YS as a whole.

### Financial performance

- As stated previously, all the stakeholders engaged opined that it has been extremely challenging for YS to achieve both the objectives of youth development and full-cost-recovery.
- In 2012-13, revenues generated from YS amounts to HK\$41.9 million, with the majority of this coming from the hostel (60%), with rental from performance and exhibition venues accounting for 22% and another 18% coming from the offices, retail and catering services.
- YS operating expenditure, on the other hand, was HK\$71.4 million and its cost structure is largely fixed with the Service Management Fee to NWFM accounting for over 82% of its costs.
- Although YS's income has been increasing in the past three years and the actual income in 2012-13 reached 96% of what was estimated in 2005, it has been extremely challenging for YS to achieve its full-cost-recovery objective because of its higher than expected operating cost.
- Financial analysis shows that, given the scope of either significant increase of its revenue or reduction in its costs is limited, it would not be viable for YS to achieve its full-cost-recovery objective.

Specifically:

- Based on the existing utilization rates of facilities and user profiles, YS could achieve full-cost recovery only by increasing the rental charges for all venues and facilities by 82% (*Scenario 1*). This is unrealistic given that many key stakeholders already feel that the existing rental charges at YS are not affordable to them.
- Based on the existing rental charges and user profiles, YS would still incur an operating loss of HK\$14.0 million even if all venues and facilities had 100% usage rates (*Scenario 2*).
- Based on the existing rental charges and user profiles, and if the existing under-utilized facilities at YS could all achieve 70% utilization rates, YS would still incur an operating loss of HK\$ 23.5 million (*Scenario 3*).
- If the existing under-utilized facilities at YS could all achieve 70% utilization rates and with the existing user profiles, YS could achieve full-cost recovery only by increasing the rental charges for all venues and facilities by 55% (*Scenario 4*). This is unrealistic given that many key stakeholders already feel that the existing rental charges at YS are not affordable to them.
- Even if the hostel component is operated on a fully commercial basis, it would only generate an additional revenue of HK\$ 8.8 million per year. YS would still incur an operating loss of HK\$21 million (*Scenario 5*).

All of the results from the different scenario analyses imply that it would not be viable for YS to achieve full-cost-recovery.

## 8. RECOMMENDATIONS

### Overview

YS is a project launched with a long-term perspective. Its primary objective is to serve as a focal point for territory wide youth development activities with its target users being the youth organizations and youths in Hong Kong. It is an important component within the youth development framework in Hong Kong and one of the platforms via which HAB pursues its youth development policy objectives.

Given its scale and the range of facilities available, YS is a unique and innovative complex that focuses on enhancing youth development in Hong Kong. Like many other newly established facilities, it takes time for the image and identity of YS to be built up among its target users.

At the beginning of the opening of YS, raising the awareness of YS, attracting patronage and improving usage of facilities was the foremost important task at the time. In order to promote the popularity of YS, it has been made acceptable to host non-youth programmes at the YS so as to bring in greater visitor flow at the initial stage of its operation and to make better use of the spare capacity available. Various types of rental concessions have also been offered to attract tenants and patronage to the YS. The intention was to attract tenants (irrespective of whether there were the target users) which would conduct programmes, classes, activities or business conducive to youth development at YS.

Through these measures, and increased marketing and promotional efforts over the past three years, there has been an increasing number of visitors to YS and an increasing number of events and programmes being held at YS. The utilization rates of the majority of the venues and facilities have also improved significantly – most of these have either reached or exceeded the performance targets set out in the Management and Operation Services Contract of YS.

Given this momentum and its objective on youth development, YS should now put greater focus on improving the usage of facilities by its target users, i.e. the youth organizations and youths in Hong Kong.

In this Review, opinions from a wide range of stakeholders have been sought on the strategic, operational, financial aspects of YS. Based on these views, 10 major recommendations have been put forward covering the following 8 aspects of YS:

- positioning and way forward;
- focal themes;
- mode of management and operation;
- hostel strategy;
- rental strategy for venues and facilities;
- leasing strategy for retail units;
- catering services; and
- engagement of youth organizations and youths.

### ***Positioning and Way Forward***

Recommendation 1 on YS's objective:

Based on the fact that youth development is a significant policy for a better future of our society and that YS is an important platform for the Government to pursue its youth development objective, YS should primarily pursue its youth development objective over its full-cost-recovery objective.

Recommendation 2 on YS's positioning and way forward:

YS should continue its position of serving as a focal point for youth development activities in Hong Kong and contribute to youth development by providing venues and facilities to the youths and youth organizations at affordable prices.

Recommendation 3 on measuring YS's contribution to youth development:

Given youth development is a process and that YS is one of the several platforms via which HAB pursues its youth development policy objectives, it would not be practical to use "output-specific" measurements to measure YS's contribution to youth development. The contribution of YS in enhancing youth development should be reflected by the number of youth events held at YS and the relevance of their natures and objectives to the YS's 6G youth development objectives.

**Focal Themes**

Recommendation 4 on focal themes:

With the overarching objective of YS being contributing to youth development by providing venues and facilities to youths and youth organizations at affordable prices, YS may focus on three focal themes, namely Music & Dance, Arts & Culture and Community Engagement, as its development platform with the aim to establish its identity among the target users. These themes are compatible with activities of other nature at YS, and should be subject to review on a regular basis.

**Mode of Management and Operation**

Recommendation 5 on mode of management and operation:

The operating performance of YS has been improving steadily since its opening, the current mode of management and operation is considered to be effective and should be maintained.

**Hostel Strategy**

Recommendation 6 on hostel strategy:

YS should maintain the current hostel strategy and its current target-user mix of 40%.

**Rental Strategy for Venues and Facilities**

Recommendation 7 on rental strategy for venues and facilities:

To improve rental strategy for venues and facilities by:

- providing further discounts for the target users for a number of under-utilized facilities;
- setting regular rates based on the affordability of the targets users; and
- simplifying the rental system.

***Leasing Strategy For Retail Units***

Recommendation 8 on leasing strategy for retail units on 3/F:

YS should improve the tenant mix for the retail spaces on the 3/F by:

- providing further discounts for the target users;
- revising the existing tenancy priority by including social enterprises; and
- improving the existing terms and conditions of lease.

***Catering Services***

Recommendation 9:

YS should explore the feasibility of converting the existing Chinese Taiji Restaurant into a food court to better meet the needs of YS users, and should continue to provide a mid-range Western style restaurant similar to Palco and a Western bakery coffee and tea shop similar to Iconic Bar at the hostel lounge on 12/F.

***Engagement of Youth Organizations and Youths***

Recommendation 10:

YS should explore strategic partnerships with youth organizations on potential collaborations on youth events and activities to be held at YS, and enhance communications with youth organizations by keeping them up to date with YS's events and activities. For example, this can be implemented via a Venue Partnership Scheme similar to the one implemented by LCSD. It is expected that, under such partnership, YS would provide support to the strategic partners in various forms, including priority use of venue facilities, support on marketing and promotions and support on organizing events to be held at YS.

YS should also introduce a Youth Square Membership Scheme to:

- encourage the youths to use YS's venues and facilities and participate in YS's events;
- raise awareness of YS among the youths in Hong Kong; and
- better understand the profile of youths using YS and their needs and expectation of YS.

The proposed scheme would incur a one-off membership fee of HK\$20 and the applicants would need to be between 10 and 29 years old. The applicants would also need to submit a completed application form and return to YS with their recent photos, proof of address and forms of identity. Members need to present their YS membership cards each time when they participate in events organized by YS or when hiring facilities at YS.

For using YS's facilities each time, the members would gain a point. When the membership points accumulated reach 5 points, members can be offered an opportunity for free use of YS' facilities in the Multi-purposed Areas (which would subject to the arrangement of YS and availability of relevant facilities).



*Financial implications of further discounts provided for under-utilized facilities and retail units*

If the following further discounts for venues and facilities are adopted,

- a 70% off should be offered for non-profit-making organizations for Y-Platform and Y-Plaza;
- a further 30% off for the concessionary rates for those minor venues and facilities that have utilization rates lower than 30%;
- apply the concessionary rates for all minor facilities to individual youths aged between 10 and 29; and
- a 70% discount for local registered non-profit organizations, social enterprises and local young entrepreneurs for leasing retail units.

depending on the changes of the utilization rates of these venues and facilities as a result of these discounts, the impact on the revenue could range from a loss of \$1.8 million to a mild increase of \$0.5 million. Under these scenarios, the cost recovery ratio is not less than 50%.