Introduction

1. This is a 'scene-setting' paper to present the 'major driving forces' of development which the HK2030 study must take into account. This paper covers the 'mega', or global, trends, which we believe could have significant impacts on our future development. Factors at the national and regional levels which could impact on our future development will be covered in other papers prepared for the study.

2. The mega trends presented in this paper include:
   a. Economic Globalization;
   b. Information Technology;
   c. Sustainable Development;
   d. Population Ageing; and
   e. Increasing Leisure Time.

Economic Globalization

3. This refers to the trend for world-wide, more integrated, markets for production, distribution, consumption, technology and investment. The key features of this trend include:
   a. increased mobility of factors of production including capital, knowledge and other resources;
   b. expanded and increasingly high-speed telecommunications and transportation, making it possible to operate different aspects of business in many different locations at the same time;
   c. increased freedom and reduced restrictions to move capital around the world, leading to the rapid growth in foreign direct investments, particularly in developing countries;
   d. emerging regional economies, of which the Pearl River Delta region is one, which development and growth is intimately related to their ability in attracting foreign investment; and
   e. intensive competitions between cities and between regional economies for resources, investments and expertise.

Strategic Planning Implications

4. Hong Kong will face more intensive competitions for foreign investment and expertise which are key factors to our future development, and how to enhance our competitiveness has been the subject of several studies. In particular, the Commission on Strategic Development's (CSD) Report, released in February 2000, has identified several economic sectors as significant in Hong Kong's long-term development, including financial and business services; multi-national corporations regional headquarters; tourism; information services and telecommunications; trade, transport and logistics; creative and cultural activities; and innovation and technology. We see the following two key roles for strategic planning:

Adequate Supply of Land and Infrastructure

   a. The success of these sectors would depend, inter alia, on whether or not there is adequate supply of land served by
efficient infrastructure; and whether or not the planning system is accommodative of the uses associated with these economic activities.

b. In this connection, as part of the HK2030 Study, we intend to review and update, as appropriate, the existing land use typology for employment generated uses as well as the current land requirement forecasting methodologies to take into account the findings of CSD’s Report. The aim is to develop a typology which would be flexible enough to meet the economic needs of Hong Kong, and robust forecasting methodologies based on which to define the likely levels of future land requirements so as to facilitate the timely re-zoning and formation of land. Different land requirements will be postulated, which will serve as the basis for testing the key transport and related infrastructures that would best serve the needs.

c. We will also liaise closely with relevant Bureaux and Departments on any special land requirements that should be taken into account in the strategic planning exercise.

Ensuring a Quality Environment

d. Ensuring that the future development of Hong Kong will not degrade but improve the quality of our living environment is another key factor in enhancing our competitiveness.

e. In connection with building a better environment, as part of the HK2030 Study, we intend to integrate environmental factors with other considerations in the process of formulating development options and development strategy which are environmentally friendly and sustainable.

Information Technology

5. Rapid development in and the widespread use of information technology is seen as another main driving force behind economic and social development now and for many years to come. The key features that are emerging are briefly described in the following:

a. Information technology has fundamentally changed the production, sales, consumption, way of operation and management of many economic activities. The huge increase in market information has intensified competition worldwide, making e-commerce an example of true globalization. Physical proximity to business counterparts for many activities is no longer essential. Buyers and vendors can easily locate each other and make contacts in a matter of seconds through the Internet. E-commerce enables businesses global exposure, sharp reduction in turnaround time, huge cost savings and making exchange of information much easier.

b. In terms of handling work arrangements, there is an emerging trend of telecommuting or teleworking, i.e. working at home or remote offices while communicating with workspace through telecommunication devices. As a result, work pattern can be very flexible in the form of working at home, in remote offices, working outside fixed shift patterns, working on the move and while ‘on vacation’. For many economic activities, people can now choose when and where to work based on personal preferences and where to live regardless of the availability of local employment opportunities. There is also increased flexibility in co-ordination work schedules with personal and family commitments and priorities.

c. Telecommuting and teleworking have also brought along changes in nature of work (more flexible form of work such as part-time, contract, self-employed work) and in changing occupational structure (more jobs at the high ends of skill and income). It has also generated a range of highly mobile ways in which work can be physically accommodated (home office and mobile work places). Office space, parking facilities can be reduced, and in-office resources can be shared. It can also reduce the need and frequency of work trips, especially during peak hours.

Strategic Planning Implications

6. The social and economic impacts of information technology are still not totally clear at this stage. Whilst some trends are emerging elsewhere as mentioned above, new trends are also coming along. Their impacts also differ in extent in different places and economies. The implications in terms of strategic planning could be:
Reduction of Commuting Trips

a. Telecommuting and teleworking has potential for reduction of travel and travel-based pollution (air and noise). If 5% of the labour force in Hong Kong in future telecommute or telework (a rate between the current Japanese and American rates), and assuming these people telecommute two days per week, then about 600,000 person-commute trips can be saved in a week, which is equivalent to the capacity of about 4,000 double-decker bus-trips.

b. In the context of Hong Kong, however, given the highly compact city structure with a very efficient public transport system, telecommuting and teleworking may not create as great an impact as in other places such as USA in the reduction of work trips. The relative distance between workplace and homes (which means the commute distance is relatively short), and the relative smallness of homes (which means the home environment may not be conducive to working at home) may also pose constraints to the development of telecommuting.

Employment Pattern and Provision of Office Space

c. The advancement of information services and technology depends very much on the telecommunications infrastructure of a city. Experiences elsewhere indicate that IT infrastructure investment and related jobs tend to concentrate in clusters, particularly in the central business district (CBD). In Hong Kong, these clusters include the CBD extending all the way to Quarry Bay, Cyberport and Science Park where there would likely be an increasing concentration of non-routine, knowledge-intensive and innovation-based economic activities (such as multimedia production and higher-order customized services).

d. With the increasing use of IT, there is a tendency to disperse office functions particularly support and secondary functions such as clerical and data-processing work, away from the CBD to secondary office centres. This is particularly possible with the widespread use of Internet, Intranet (within an organization) and Extranet (organization to organization). This may lead to less centralized office developments and could help office decentralization over the long term.

e. Depending on the extent and pace of telecommuting and teleworking in future, some organizations/companies may reduce the office space needed, and may consequently have an impact on the requirement of office spaces over the long term.

Emergence of Home-based Office

f. The advancement of IT has given rise to the development of home-based offices (also called Soho - small office home office activities), a mode particularly suitable for professionals, artists, translators, designers and IT workers. There is already a small group of Soho workers who have formed themselves in an association (Hong Kong Small Office Home Office Association), but the trend for this working mode is still only emerging. We will need to examine the planning system to see how we can promote more flexible urban spaces to respond to new ways of working and living, allowing employment-based and residential uses to be more closely integrated at local levels.

Retailing

g. Internet retail store will enable a new group of entrepreneurs to engage in retail business, at the same time helping existing retailers expand their business without significantly increasing their risks. The added value of Internet retailing, e.g. personalized new product information, access to discussion forum of product users, etc., will provide attractions to a new group of consumers to shop on-line. Internet retailing offers an alternative mode of business for business diversification. In terms of floorspace requirement, it may increase the demand for storage and logistic space, but reduce the retail space requirements.

Structured Interviews and Survey
h. We are not too certain to what extent and in which particular sectors of land uses IT is making, or will make, significant
impacts in Hong Kong. Apart from making reference to overseas experience, we also intend to conduct a series of
structured interviews with major organizations/companies in various sectors including education, finance, retail, IT
industries, developers and telecommunications, to examine the degree and characteristics of IT usage and seek their
views on likely future trends. A household survey will also be undertaken to look into those aspects of IT usage that are
most likely to have some influence on land use planning. The results of the structured interviews and the survey will
enable us to gauge the impacts of IT usage on land use planning which will be taken account of in the HK2030 Study.
i. We will also liaise and consult with Bureaux and Departments concerned on land and infrastructure that may be required
to support possible initiatives to develop Hong Kong into the IT hub of Asia.

### Sustainable Development

7. Sustainable development is now a world movement. Since the United Nations' Conference on Environment and Development
(commonly known as the Earth Summit) at Rio in 1992, where Agenda 21, a framework for sustainable development, was
agreed by most nations, Governments around the world have attempted to translate the concept into practice. To date, over one
hundred countries have set up high level commissions or committees to promote sustainable development and some 1800
countries, regions and cities are reported to have published their own sustainable development plans.

8. There are many definitions for sustainable development, the most commonly quoted one being the Bundlant Report, which
defines sustainable development as a form of "development that meets the needs of the present without compromising the
ability of future generations to meet their own needs." In the SUSDEV 21 Study completed in August 2000, sustainable
development for Hong Kong is defined as "development that balances social, economic, environmental and resource needs,
both for present and future generations, simultaneously achieving a vibrant economy, social progress and a high quality
environment, locally, nationally and internationally, through the efforts of the community and the Government."

9. As a member of the international community, Hong Kong has an obligation to pursue sustainable development, and the
SUSDEV 21 Study can be regarded as one of the key efforts of Government in that regard. The CE had also strongly confirmed
the Government's commitment to implement sustainable development in his 1999 Policy Address.

10. In addition to defining what sustainable development should mean for Hong Kong, SUSDEV 21 has also operationalised the
definition through the formulation of 8 Guiding Principles and 36 Sustainability Indicators to be used for evaluating major policies
and plans. To help apply the Sustainability Indicators, a computer assisted decision support tool, or CASET, has also been
developed.

### Strategic Planning Implications

11. In tandem with the world trend, and as a consequence of the extensive awareness raising activities undertaken as part of
SUSDEV 21 over the past 3 years, Hong Kong people are beginning to be concerned about sustainable development. In terms
of the present study, they would expect that the strategies to be recommended would be truly sustainable. In this regard, the
followings will be taken into account in the process of the study:

   a. Adhering to the principle of sustainable development, i.e. balancing social, economic and environmental needs, is an
overarching goal of the Study. More specifically, we will integrate the environmental, economic and social factors, the
'three legs' of sustainable development, in the generation of options. In identifying future development areas we will draw
upon the environmental baseline information established in SUSDEV21 Study and avoid environmentally sensitive areas
as far as possible.

   b. We will also make use of the CASET tool to evaluate the options with a view to formulating strategies having the best
possible balance between environment, economic and social considerations. We intend that the results of the evaluation
Population Ageing

12. The trend of population ageing is a combined result of people living longer and fertility rates declining. Due to advancement in medical science and improved nutrition, people now live much longer than before, and are expected to live much longer in the future than now. Apart from people living longer, less babies are born. Many, particularly the developed countries, now have fertility rates lower than that needed for long term population stability (i.e. about 2.1 children per woman).

13. Population projections undertaken by the Census and Statistics Department show that Hong Kong is following this world-wide trend. In 1999, 11% of the population were aged 65 or over. The proportion of this age group is projected to rise to 20% in 2029. Experience elsewhere is that as a result, the population will put pressure on government's tax and spending systems and more care will be needed for the elderly. As the proportion of people of working age is smaller and the dependency ratio increases, countries either reduce the growth of living standards leading to a reduction of GDP per capita, or they have to raise the productivity of the people through such ways as raising the retirement age and female participation rates, increasing part-time working and retraining efforts to see the unemployed are in work.

Strategic Planning Implications

14. The following implications are relevant to Hong Kong:

a. In order to cater for the needs of the ageing population, in July 1997 the Elderly Commission (EC) was formed with a responsibility to advise the Government on policies and services for the elderly. The EC adopts an integrated approach to the planning and provision of services for the elderly. For example, given the projected huge demand for residential care homes for the elderly in future and the shortage of land in the Main Urban Areas, the traditional method of building single-block care homes is considered to be under-utilizing the resources. Sites that were reserved for community centres could be developed into joint-user buildings. The lower floors of these buildings will be reserved as residential care homes. Other efforts are also being considered to increase the supply of residential care places and gradually phase out care homes located in substandard premises and other elderly facilities. We will liaise and work closely with the EC and concerned Bureaux and Departments for consolidated efforts in this regard.

b. With growing affluence in society and improved health conditions of the elderly nowadays, elderly people tend to live in the community longer before resorting to institutional care. They will look for a better living environment, in terms of design and supporting facilities, to cater for their various needs. Though the Housing Authority and the Housing Society are the main providers of elderly housing at present, we can foresee in future there could be a demand in the provision of specially designed and quality housing units by the private sector for sale or rent to satisfy the demand of the better-off elderly households. According to Housing Bureau's projection, 11600 elderly households will require private housing for the period from 1999-2000 to 2008-2009. Such information, together with those obtained from the Survey of Housing Aspirations of elderly households which indicates about 4000 elderly households would preferred to buy a flat, will provide inputs to the planning study.

c. In building scenarios on population and cross-boundary movements, we will need to take into account the trend of the elderly choosing to retire in the Mainland. This would have implications on cross-boundary commuting and provision of facilities in Hong Kong. Again, we will consult relevant parties in this respect.

Increasing Leisure Time

15. As a result of increasing use of technology, increasing efficiency and productivity in work and growing affluence, there is a trend of people, particularly those in developed economies, working for shorter periods and having more leisure time and disposable income. One of the results of this trend is that people will likely travel more.
According to predictions by the World Tourism Organization (WTO), the current global level of visitor arrivals of about 600 million could increase to 1.6 billion in 2020, and tourism receipts from the present level of about US$500 billion to US$2000 billion. The annual growth rates are predicted to be 4.3% and 6.7% respectively. The WTO further predicts that the East Asia/Pacific region, including the Mainland and Hong Kong, could have above global average growth and the Mainland could become the top visitor destination.

**Strategic Planning Implications**

17. The following implications are relevant to Hong Kong:

   a. The potential for the Mainland to become the top visitor destination in this century will play a critical role in influencing the world tourism trend. While the Asia Pacific region will benefit from this significant growth, Hong Kong is best positioned to capitalize on this situation in view of its geographical location and role as a regional transportation hub.

   b. Hong Kong by itself is already one of the top tourist destinations in Asia. To maintain this position, maximize the opportunities predicted by the WTO and capture both outbound travellers from and en-route inbound visitors to the Mainland, we need to improve on our existing facilities and develop new attractions.

   c. Promoting tourism development is one of the key planning objectives of the HK2030 Study. To realize this objective we propose, as one of the key study areas, to formulate a tourism planning framework which would also integrate with the opportunities available in the Pearl River Delta region. Locally, we intend that the framework should consolidate existing attractions, facilities and proposals and identify potential and possible scope for new attractions and facilities. With the anticipated urban growth, it is also important that our tourism assets, such as our natural and heritage assets, are protected. We will work closely with concerned Bureaux and Departments, in particular the Tourism Commission, on this task.

PLANNING DEPARTMENT
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