

立法會
Legislative Council

Paper No. WKCD-227
(These minutes have been
seen
by the Administration)

Ref : CB1/HS/2/04

**Subcommittee on
West Kowloon Cultural District Development**

**Minutes of sixteenth meeting held on
Saturday, 29 October 2005, at 9:30 am
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Alan LEONG Kah-kit, SC (Chairman)
Hon James TO Kun-sun (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Yuen-han, JP
Hon CHOY So-yuk, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon LEE Wing-tat
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
Hon CHEUNG Hok-ming, SBS, JP
Hon Patrick LAU Sau-shing, SBS, JP
- Members absent** : Hon CHAN Kam-lam, SBS, JP
Hon SIN Chung-kai, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon CHIM Pui-chung
Hon Albert Jinghan CHENG

- Public officers attending** : Mr Michael SUEN, GBS, JP
Secretary for Housing, Planning and Lands
- Mr Patrick HO, JP
Secretary for Home Affairs
- Mrs Rita LAU, JP
Permanent Secretary for Housing, Planning and Lands (Planning and Lands)
- Miss AU King-chi, JP
Deputy Secretary for Housing, Planning and Lands (Planning and Lands)
- Mr Vincent FUNG
Principal Assistant Secretary for Home Affairs
- Mr CHUNG Ling-hoi, JP
Deputy Director of Leisure & Cultural Services (Acting)
- Clerk in attendance** : Miss Odelia LEUNG
Chief Council Secretary (1)4
- Staff in attendance** : Ms Pauline NG
Assistant Secretary General 1
- Ms Bernice WONG
Assistant Legal Adviser 1
- Ms Sarah YUEN
Senior Council Secretary (1)6
- Ms Vicky LEE
Research Officer 3
- Mr Thomas WONG
Research Officer 4
- Mr Anthony CHU
Council Secretary (1)2
- Miss Michelle NIEN
Legislative Assistant (1)3
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I Consideration of late membership application

- (CB(1)179/05-06(01) -- Letter dated 28 October 2005 from Hon James TIEN Pei-chun, GBS, JP regarding application for late membership)

The Chairman drew members' attention to the letter dated 28 October 2005 from Mr James TIEN regarding application for late membership. The Subcommittee accepted Mr TIEN's application.

(Post-meeting note: Mr TIEN's letter was subsequently issued to members vide LC Paper No.CB(1)179/05-06 on 31 October 2005.)

II Endorsement of proposed amendment to the procedures of the Subcommittee on West Kowloon Cultural District Development

- (Paper No. WKCD-212 -- Paper on Proposed amendment to the procedures of the Subcommittee on West Kowloon Cultural District Development)

2. The Chairman drew members' attention to Paper No. WKCD-212 tabled at the meeting. The paper proposed amendment to the procedure of the Subcommittee to reflect the decision of the House Committee and the Council to amend the Rules of Procedure regarding the voting rights of chairmen of subcommittees. The effect of the proposed amendment would be that the Chairman of, or any member presiding at, the Subcommittee should not vote, unless the votes of the other members were equally divided, in which case he should have a casting vote. Members endorsed the proposed amendment.

(Post-meeting note: WKCD-212 was subsequently issued to members vide LC Paper No. CB(1)179/05-06 on 31 October 2005.)

III Meeting with the Administration

- (Paper No. WKCD-204 -- Information paper provided by the Administration
Paper No. WKCD-211 -- Information paper provided by the Administration
Paper No. WKCD-202 -- Submission from The Real Estate Developers Association of Hong Kong
Paper No. WKCD-203 -- Submission from Dr MA Ngok, Assistant Professor, Division of Social Science, Hong Kong University of Science and Technology)

Paper No. WKCD-205	-- Submission from Swire Properties Limited
Paper No. WKCD-206	-- Submission from Professional Property Services Limited
Paper No. WKCD-207	-- Submission from Hong Kong Alternatives
Paper No. WKCD-208	-- Submission from Harbour Business Forum
Paper No. WKCD-209	-- Submission from The Hong Kong Institute of Architects
Paper No. WKCD-210	-- Submission from Dr Robert CHUNG, Public Opinion Programme of the University of Hong Kong
Paper No. WKCD-213	-- Submission from The Experience Group, Limited)

3. Members noted the following papers tabled at the meeting –

- (a) Chinese version of the submission from The Hong Kong Institute of Architects (Paper No. WKCD-209); and
- (b) Submission from The Experience Group, Limited (Paper No. WKCD-213).

(Post-meeting note: The above papers were subsequently issued to members vide LC Paper No.CB(1)179/05-06 on 31 October 2005.)

4. The Secretary for Housing, Planning and Lands (SHPL) briefed members on the Administration's modified approach for the development of the West Kowloon Cultural District (WKCD) announced on 7 October 2005 and highlighted the salient points in the Administration's papers (Paper Nos. WKCD-204 and 211). A copy of his speaking note is in **Appendix I**.

(Post-meeting note: The speaking note of SHPL was tabled at the meeting and subsequently issued to members vide LC Paper No. CB(1)179/05-06 on 31 October 2005.)

5. The Subcommittee deliberated (Index of proceedings attached at **Appendix II**).

The carving-out proposal

6. The Chairman, Mr Patrick LAU and Mr LEUNG Kwok-hung referred to the proposal to carve out 50% of the development rights of the residential and commercial gross floor area at the WKCD site for bidding by other developers except the Successful Proponent, and enquired how the proceeds arising

therefrom would be handled. In particular, Mr CHEUNG Hok-ming and Mrs Selina CHOW sought clarification on whether the proceeds would form a separate fund from the proposed \$30-billion trust fund. In response, SHPL explained that the proceeds would be used for arts and cultural and other communal facilities and services provided in WKCD through a suitable arrangement. Details of the arrangement would be worked out later and might be included in the enabling legislation for the statutory body on WKCD.

7. Pointing out that the carving-out proposals from the screened-in Proponents could be very different and might not be compared like to like, Mr LEE Wing-tat emphasized the need to assess them in a transparent manner according to objective criteria. He sought explanation from the Administration on how it could address public concern about possible collusion between the Government and developers in selecting the preferred proposal as experience showed that many Government officials involved in land disposal became staff of developers within one year of retirement. In response, SHPL said that the carving-out proposals would be assessed against objective criteria to be drawn up at a later stage. To enhance transparency of the assessment process, the assessment criteria and the assessment report would be made public. All measures safeguarding the impartiality and due process of the Invitation for Proposals (IFP) would continue to apply. The Independent Commission Against Corruption would also be involved.

8. Miss CHOY So-yuk opined that because of the proposed carving-out arrangement, an integrated design for WKCD might not be achieved. She enquired how the Administration arrived at the carving-out percentage and which parts of the site would be carved out. Mr LEUNG Kwok-hung also called upon the Administration to ensure that the Successful Proponent would not only carve out unfavourable lots.

9. In response, SHPL said that the Administration was not in a position to decide on the portion to be carved out because each of the screened-in Proposals had a different mix of commercial and residential developments and different canopy structure, and only the screened-in Proponents concerned would be in a position to decide which portions were to be carved out. The final carving-out decision would have to give regard to the Proponents' carving-out proposals but the decision would be made by the Administration. He also pointed out that the Administration considered it fair to carve out only 50% of the commercial and residential developments in the WKCD site because the Successful Proponent would have to assume the role of co-ordinating the project and be charged with the obligation of developing all core arts and cultural facilities (CACF), the Canopy and other communal facilities of WKCD.

10. Mr James TIEN enquired whether the 50% carved-out development would be disposed of through the application list system. SHPL replied that details on disposal of the carved-out development had not yet been finalized. Disposal of

land through the application list system was only one of the possibilities.

The proposed trust fund

11. Ms Audrey EU considered it undesirable that the \$30-billion trust fund had been calculated on the basis of the management and maintenance cost of the WKCD facilities. In her view, regard should be given to the current land value of WKCD, which should have been assessed by the Administration. Dr LUI Ming-wah also found it undesirable that the Administration had not done any research in working out the sum and it was unclear whether the screened-in Proponents could afford it, resulting in uncertainties in the way forward. Pointing out that the WKCD site was public resource, Ir Dr Raymond HO also emphasized that while it was understandable that land prices would fluctuate, sufficient information should be provided to assure members that the requirement to pay \$30 billion upfront was reasonable and could cover the relevant costs. Mrs Selina CHOW, however, saw difficulty in assessing whether \$30 billion was a reasonable estimate in recognition of fluctuations in land prices.

12. In response, SHPL explained that the \$30-billion trust fund had been worked out on the basis of estimated management and maintenance cost of the WKCD facilities because it was planned that the fund would generate a recurrent return to cover the recurrent expenditure of managing communal facilities like CACF, the Canopy and the automated people mover (APM) for 30 years.

13. Mr LEUNG Kwok-hung pointed out that the planning of WKCD was a mistake from start. He expressed concern on whether the Administration would reduce the required amount of \$30 billion for the trust fund in the event that less than two screened-in Proponents responded positively to the modified approach. In response, SHPL and the Permanent Secretary for Housing, Planning and Lands (Planning and Lands) (PS for HPL (P&L)) confirmed that \$30 billion was the minimum amount which would not be subject to negotiation. In response to the Chairman, Mr Albert CHAN and Dr LUI Ming-wah, SHPL further confirmed that the requirement to pay \$30 billion upfront was a prerequisite for selecting the Successful Proponent. In the event that less than two Proponents agreed to pay the required amount, the Administration would have to reconsider the way forward for WKCD.

14. Messrs James TIEN and LEE Wing-tat enquired whether the screened-in Proponents could propose an amount greater than \$30 billion and whether this would be considered favourably in the assessment process. SHPL replied that the modified approach allowed the Proponents to increase the amount of the trust fund but the upfront payment was only one of the several factors considered during the assessment process.

15. Noting that the average rate of return per annum for the \$30-billion trust fund was 5% but the guesstimate of the net annual operating expenditure of

CACF, the Canopy, APM and the statutory body would amount to \$566 million only, Mr James TIEN cast doubt on the need for the trust fund to be set at \$30 billion. Mr LEE Wing-tat, on the other hand, considered the 5% return rate too low. In response, SHPL clarified that the return was to cover both recurrent expenditure as well as large-scale maintenance works for CACF, the Canopy and other communal facilities. PS for HPL (P&L) added that as the fund should finance operation of the facilities for at least 30 years and the principal had to be preserved, there was a need to provide a safety margin. Income exceeding the necessary expenses would be used for the purpose of upgrading the arts and cultural programmes.

16. Miss CHOY So-yuk enquired whether the budgets for procurement of collections in the proposed themed museums in WKCD could be covered by the return from the \$30-billion trust fund. In reply, the Secretary for Home Affairs (SHA) and the Principal Assistant Secretary for Home Affairs (PAS(HA)) pointed out that some of the themed museums, such as the Design Museum, should have no difficulty in acquiring collections. The Museum of the Moving Image might also have more fabricated exhibits than artifacts. In guesstimating the independent fund for the sustainable operation of CACF, the Administration had already taken into account the need for an on-going annual acquisition budget for the art-themed museums but not the initial collections, which could be acquired through various sources such as long-term/short-term loans, temporary tours of special exhibitions and donations, and co-operation agreements with other museums.

The proposed statutory body

17. In response to Mr Albert HO's call to allow the proposed statutory body a role in determining the contents of CACF, SHPL said that if the statutory body was to be involved in determining CACF, the WKCD project would inevitably be delayed.

18. Dr KWOK Ka-ki considered it unfair to require the statutory body to operate the communal facilities, including CACF, the Canopy and APM if it did not have the power to determine what should be included in CACF and to ensure that other developments on WKCD would be compatible in making West Kowloon an arts and cultural district to meet public aspirations. In response, SHA said that while the statutory body would have to work under the IFP framework, it still enjoyed flexibility in providing other arts and cultural facilities as well as planning and implementing the necessary software development programmes.

19. Mr Patrick LAU and Miss CHAN Yuen-han urged the Administration to expedite the setting up of the statutory body so that representatives from professional and arts and cultural sectors could sit on the statutory body to monitor the quality of the deliverables and ensure that WKCD facilities were

conducive to the promotion of the cultural vision in Hong Kong.

20. In response, SHPL stressed that details of the statutory body could only be formulated after the Administration had assessed response from the Legislative Council (LegCo), the Town Planning Board, the screened-in Proponents and the public on the proposed additional development parameters and conditions for the WKCD project, and had decided the prospects of IFP. The Administration would consult LegCo on details of the statutory body such as the timetable of establishment, its functions and composition. The Administration aimed at consulting LegCo and the public on the legislative proposals in the second quarter of 2006 and introducing the relevant legislation into LegCo in the third quarter of 2006. He assured members that the Administration would have a role to play in monitoring the quality of the deliverables in WKCD.

21. Noting that the statutory body would take time to set up, Mrs Selina CHOW opined that in the meantime, some non-statutory consultation panels should be set up as soon as possible to provide a forum for the public, in particular arts and cultural groups, to provide input on WKCD. In response, PAS(HA) explained that after the announcement of the modified approach, the Administration had already organized some briefing sessions for the arts and cultural groups. Their views were that a monitoring mechanism for WKCD was necessary and steady funding was required for the operation of WKCD facilities. In the process of setting up the statutory body, the Administration would continue to listen to the views of the public in relation to the role and composition of the body.

The development approach

22. Citing the development of the Chek Lap Kok Airport under the Airport Master Plan, Mr LEE Wing-tat pointed out that WKCD could be developed under alternative modes other than the single-package development approach if consultants could be appointed to draw up a Master Layout Plan for WKCD. In response, SHPL pointed out that in the early 2000s, when the Administration considered developing West Kowloon Reclamation into an arts and cultural district, the Administration had financial difficulty in undertaking the WKCD development project itself. In fact, it was then estimated that the project would incur a deficit of around \$20 billion. Under the circumstances, the Administration considered it necessary to adopt the single-package development approach to attract the private sector to participate in the project. The modified approach would enable more developers to take part in the WKCD project. Mr LEUNG Kwok-hung was unconvinced and opined that the modified approach remained in essence a single-package development approach. In response, SHPL said that the existing IFP framework had been maintained because the Administration did not intend to plan WKCD from scratch.

23. Mr Albert HO opined that the problem with the WKCD project was the adoption of the mode of public private partnership (PPP), which used land to subsidize the development and operation of facilities. This was because land price would fluctuate and the development agreement signed between the Government and the Successful Proponent might not be comprehensive enough to cover every single aspect. The developer would tend to maximize profits at the expense of the quality of the facilities. He urged the Administration to abandon the single-package development approach. Pointing out that the Canopy should not be used as an excuse to refuse to separate the development of arts and culture and property, he called upon the Administration to sell the land in West Kowloon Reclamation and inject the proceeds into a trust fund for development of arts and culture. Ms Audrey EU, Mr Albert CHAN, Mr LEUNG Kwok-hung and Ir Dr Raymond HO shared his view. Ir Dr HO, in particular, suggested that as in the case of the development of new towns and revitalization of Bilbao, the Administration should divide the WKCD site into small parcels for sale in phases by public tender according to the market sentiment so as to enhance the land price and increase the proceeds from land sales.

24. In response, SHPL emphasized that the adoption of the single-package development approach for WKCD was also necessary for achieving integrated design and better coordination for its development. Miss CHOY So-yuk was however unconvinced. She opined that even without adopting a single-package development approach, integrated design could be achieved by incorporating in the land sales agreement conditions such that design of buildings had to be approved by the Administration.

The core arts and cultural facilities and the Canopy

25. In response to Mr James TIEN's enquiry on how construction of CACF would be financed, SHPL and PS for HPL(P&L) confirmed that in return for half of the development rights of the residential and commercial gross floor area at the WKCD site, the Successful Proponent would be required to assume the coordination of the WKCD project and be charged with the obligation of developing all CACF, the Canopy and other communal facilities of WKCD.

26. Mr Patrick LAU and Miss CHAN Yuen-han expressed concern about how the Administration could ensure CACF and other communal facilities of WKCD would be designed and constructed up to the required world standard. While pointing out that it might not necessarily be more efficient and cheaper for the Government to construct CACF itself, Mrs Selina CHOW also sought details on measures to ensure the quality of CACF. In response, SHPL said that IFP had already set out the specifications for CACF and other facilities. The quality of the facilities could not be compromised because any revised proposals from the three screened-in Proponents had to meet the specifications or they would not be accepted for further consideration.

27. Dr KWOK Ka-ki was disappointed that the modified approach had not responded to the motion passed by LegCo at its meeting of 5 January 2005, calling for the abandonment of the single-package development approach and the Canopy. Mr Albert HO echoed his view and queried the rationale of retaining the Canopy as a mandatory requirement, especially as the result of the public consultation in this regard was inconclusive. Ms Audrey EU cast doubt on whether there was really public support for the Canopy having regard that its cost had not been clearly disclosed to the public. Mrs Selina CHOW, however, supported the Canopy for its design although the Liberal Party had concerns about its maintenance and technical feasibility. In response, SHPL explained that there were no compelling reasons for abandoning the Canopy. First, since the Canopy was a mandatory requirement under IFP, two Proponents had been screened out for failing to provide a canopy. Second, according to the findings of the public consultation exercise, public views on the Canopy were inconclusive.

The selection process

28. In response to Mr Patrick LAU and the Deputy Chairman's enquiry on the timetable for deciding on the way forward for WKCD, SHPL and PS for HPL (P&L) explained that the Administration had to wait until the end of January 2006 for the response of the three screened-in Proponents to the modified approach before deciding the way forward. Meanwhile, the Town Planning Board (TPB) was consulted on the proposed additional development parameters at its meeting on 21 October 2005. TPB had agreed in principle to the additional development parameters as the basis for future planning of WKCD and to advancing the second stage amendment whereby the development parameters would be incorporated into the Outline Zoning Plan (OZP) before a preferred Proposal was selected.

29. Pointing out that expert input was more important than public participation in selecting the Proposals because technical know-how would be required in assessing the technical viability of the Proposals, Mrs Selina CHOW highlighted the importance of ensuring fairness and accountability in the selection process. Ir Dr Raymond HO added that there should also be sufficient transparency in the process. Mr Albert CHAN, on the other hand, expressed concern about the lack of clear criteria in the process, and stressed the need to require the Proponents to provide details on the construction costs and the management fees they would charge for the residential and commercial developments, which in his view could be exploited by the Successful Proponent to maximize profits. In response, SHPL reiterated that there would be clear criteria for the assessment process. If no less than two screened-in Proponents responded positively by the end of January 2006, the Administration would assess the proposals against the criteria set out in IFP.

30. Mrs Selina CHOW expressed concern that the screened-in Proponents might find the modified approach unacceptable and there might be less than two Proponents giving a positive response. In reply, SHPL said that the modified approach was only a proposal put forward under the IFP framework for consultation with the screened-in Proponents. In the event that less than two Proponents accepted the additional conditions, the Administration would have to reconsider the way forward for WKCD. Notwithstanding, in negotiating with the Proponents, the Administration would take heed of the views and concerns of members and the public, and would consider fine-tuning the way forward for WKCD after receiving the Proponents' responses. Ir Dr Raymond HO, however, opined that since the construction of the Canopy was the only mandatory requirement, the WKCD project could be reviewed extensively and not just fine-tuned.

31. Miss CHAN Yuen-han pointed out that there remained a lot of grey areas in the modified approach which had yet to be answered by the Administration. As such, it was undesirable for the Administration to proceed negotiation with the Proponents or make decisions without any public participation. In response, SHPL stressed the importance of mutual trust. Mr Albert HO shared his view but emphasized that the Administration should be more receptive to members' comments. Miss CHAN also stressed that the purpose of members asking questions was to gain better understanding of the project and not to query the Administration. SHPL noted members' views and apologized for any misunderstanding that he might have caused. He also assured members that in order to protect public interests, the Administration was not obliged to choose one out of the three screened-in Proponents if their Proposals could not meet the required standards. Any decision of the Administration would be made after thorough consideration of all relevant factors and would be explained to LegCo and the public.

32. Addressing Mr Albert CHAN's concern about whether compliance with the plot ratio of WKCD at 1.81 would be a factor to consider in assessing the Proposals, PS for HPL (P&L) said that under the modified approach, the plot ratio and the maximum building heights would be incorporated into OZP before a preferred Proposal was selected.

Public consultation

33. Referring to the submissions from Dr MA Ngok (Paper No. WKCD-203), Dr Robert CHUNG (Paper No. WKCD-210) and Hong Kong Alternatives (Paper No. WKCD-207), Dr KWOK Ka-ki and the Deputy Chairman sought the Administration's response to the observations highlighted therein on the public consultation exercise on WKCD conducted by the Government, in particular queries relating to comment cards and telephone poll questions.

34. In response, the Deputy Secretary for Housing, Planning and Lands (Planning and Lands) explained that in the public consultation exercise, Government had collected public views through different channels to gauge and triangulate views from various sources, including comment cards, three telephone polls, and records and reports of advisory/statutory bodies. As such, the views so collected were broadly based and representative. Regarding comment cards, given the large quantity received, the Administration believed that the possibility of manipulation was remote. Moreover, three random independent telephone polls were conducted through a scientific sampling method and in an unbiased manner to triangulate the results of the comment cards. As to the telephone polls, the questions were designed by the independent consultant, who and the Administration had exercised care in providing in the questions background information to give members of the public a better understanding of the subject to facilitate their response. Such background information was nothing but facts. Moreover, Dr MA Ngok also considered the polls representative of the population. In response to members, PS for HPL(P&L) agreed to provide a written response to the views expressed by Dr MA and Dr CHUNG.

Admin

Other views and concerns

35. Ir Dr Raymond HO, Mr LEE Wing-tat and Mrs Selina CHOW opined that, to address members' concerns, there was a need for the Administration to provide more information to enhance the transparency of the project, such as details of how the precious WKCD site would be carved out, the detailed basis for calculating the \$30-billion trust fund and the costs of the Canopy. In response, SHPL said that the Administration would provide the information requested by members as far as practicable.

Admin

36. Noting that the four museums in WKCD were not very spacious, Miss CHAN Yuen-han cast doubt on whether WKCD would really adopt culture as its main theme and expressed concern about the ratio of arts and cultural facilities to commercial developments. The Administration noted her concern.

37. Mr Albert CHAN said that frequent changes to the WKCD project would give people the impression that the Administration had yielded to pressure from developers and might invite criticisms of collusion between the Government and developers and transfer of interests. Dr LUI Ming-wah also pointed out that the public were concerned about the transfer of interests to the Proponents and possible contract default in the WKCD project because the Administration had not conducted studies to obtain solid information on the financial cost and benefit of the WKCD project for negotiation with the screened-in Proponents. He urged the Administration to assess the feasibility of the WKCD project by appointing consultants to assess the land value. In response, SHPL said that after the Administration received responses from the screened-in Proponents, the Administration would consider the need to appoint consultants to conduct further technical and financial studies.

Motion

38. Ms Margaret NG recalled that at the last Subcommittee meeting, some members expressed regrets that the Administration had not attended the meeting and responded to the Subcommittee's Phase I Report. The decision then was to meet with the Administration first before considering the need to move a motion to express members' regrets in this regard. From the information provided by the Administration at this meeting, she was unconvinced that the modified approach had addressed the concerns raised in the Phase I Report. After considering members' views, she proposed the following motion:

“政府當局對小組委員會第一期研究報告所提的意見及建議不加充分考慮和作正面回應，新的建議精神及實質上仍是以單一發展模式，付出貴重的土地資源而不作所應作的立法會諮詢，更未能對付出此等貴重資源所取得的回報是否最合乎公眾利益有充分保證，尤其對回應公眾對文化發展的需要及訴求缺乏保證，小組委員會深表失望及遺憾，並要求政府重新考慮。”

(English translation)

“That the Subcommittee expresses deep disappointment and regret at the failure of the Administration to take into full account and positively respond to the views and recommendations of the Subcommittee in its Report on Phase I Study, and that the new proposal is in spirit and in substance a single-package development approach giving away valuable land resources without due consultation with the Legislative Council and without sufficient assurance as to whether the return for the resources given away is in the best interest of the Hong Kong public, particularly in its needs and aspirations for cultural development, and the Subcommittee demands the Government to reconsider its views and recommendations.”

39. Ms Margaret NG stressed that the motion was intended to convey a positive message that the Subcommittee wanted to take forward the WKCD project in a fair and transparent manner. The Subcommittee agreed to proceed with the motion.

40. Mr LEE Wing-tat, Mr Albert HO, Mr Albert CHAN, Ms Audrey EU, Mr Patrick LAU and Miss CHAN Yuen-han indicated support for the motion and pointed out that the Administration should separate the development of arts and culture and property. In their view, the public was concerned that the modified approach was not transparent and fair and precious land resources were not disposed of in the best public interest.

41. Citing the case of Cyberport, Miss CHAN Yuen-han also opined that the Administration should listen to public views so as to ensure that the WKCD project would truly meet public needs. Mr LEE Wing-tat expressed concern

about the lack of monitoring of the project many details of which had yet to be determined between the Government and the Successful Proponent. He and Mr Albert HO were also concerned that the criteria for selecting the Successful Proponent were arbitrary and subjective. Mr HO further expressed concern that under the PPP approach, information on the financial arrangement would not be made available to the public for fear of affecting negotiation.

42. SHPL and SHA made the following points in response to the proposed motion –

- (a) The Administration had duly considered the Subcommittee's Phase I Report and had provided its response to it; and
- (b) The Administration had conducted over 30 consultation or briefing sessions relating to WKCD with the public from 2002 to 2004. The \$30 billion trust fund and the statutory body had been proposed under the modified approach to address public concerns, in particular those of the arts and cultural sector, about the development of arts and culture.

43. The Chairman put the motion to vote. All members present voted for the motion. The Chairman declared the motion carried.

(Post-meeting note: A letter formally advising the Administration of the passing of the above motion was issued on 31 October 2005. The wording of the motion was also circulated to members vide LC Paper No. CB(1)188/05-06 on 31 October 2005.)

Admin 44. Mr LEE Wing-tat proposed and members agreed that the Administration should provide a written response to the questions in **Appendix III**.

(Post-meeting note: The list of questions was forwarded to the Administration on 31 October 2005.)

II Any other business

45. The Chairman reminded members that the next meeting was scheduled for Saturday, 12 November 2005, at 9:00 am for internal deliberation on the draft report on Phase II study.

46. The meeting ended at 12:35 pm.

西九龍文娛藝術區發展計劃小組委員會會議
2005 年 10 月 29 日

房屋及規劃地政局局長開場發言

主席、各位議員：

多謝小組委員會邀請政府出席今次會議。我們在 10 月 7 日內務委員會特別會議向議員匯報了西九龍文娛藝術區的公眾諮詢結果和未來發展路向的建議，現在很樂意與議員進一步討論各項相關事宜。

我們向內務委員會匯報時，已概述了政府為了回應公眾訴求，而建議引進的發展規範和條件，以及提出政府下一步的工作，包括徵詢城市規劃委員會的初步意見，以及邀請入圍建議者作出回應。其中，我們建議要求中選建議者把西九用地內住宅和商業發展總樓面面積不少於百分之五十分拆出來，讓其他發展商公開競投。這可讓更多發展商參與計劃，促進競爭。不同建議者可提議不同的分拆組合，以配合他們擬議的計劃；但必須強調的是，有關分拆的組合，以

及競投的安排、機制和時間，將由政府決定。我們會確保公眾利益在建議的發展模式下得到全面保障，以及競投過程公平和具透明度。

此外，我們將要求中選建議者必須在簽訂計劃協議時，支付三百億元以成立獨立基金，應付西九各項公用設施的運作。我們已向議員提交文件，概述獨立基金的目標和在粗略估計有關基金金額時的各項假設和規範。扼要來說，基金的回報將足以應付三方面的開支：第一、西九核心文化藝術設施和其他公用設施以國際標準營運的日常開支；第二，這些設施包括天篷等的定期進行大型維修保養的費用；及第三，建議中新機構日常開支。由於基金的本金實質會維持不變，應有助向公眾確保各項設施的持續營運。我們預期新機構的賦權法例會訂明基金的獨立和審慎管理安排，並會確保其透明度及問責性。

至於有關地積比率及住宅發展比例的規範，我們已於 10 月 21 日徵詢城規會的初步意見。城規會亦得知政府會就相關發展規範諮詢入圍建議者。我們亦已

邀請入圍建議者就各項發展規範和條件表達意見，並要求他們於明年 1 月底前作出回應。視乎入圍建議者的回應，政府會制訂詳細要求，讓建議者在發展建議邀請書框架下修訂建議。發展建議邀請書已留有足夠彈性，讓政府與建議者磋商，務求能選出最切合公眾期望和公眾利益的建議。

我們明白議員希望更深入了解未來發展的路向，我亦留意到議員十分關注建議成立新機構的事宜。根據我們現時的構思，有關機構應通過立法成立，而它的權力及功能應盡量善用早前的工作成果。新機構在透明度及問責性方面應有足夠的制衡，亦須就主要事宜諮詢公眾。它的決策架構應該獨立於政府及其他既得利益以外。它的諮詢架構應具廣泛代表性，讓社會各界充分參與，以廣納民意。我們對有關新機構的詳細安排持開放態度，就有關成立細節，我們希望多聽取各方意見，以便把未來的工作安排得更妥善。視乎各方的反應，我們的目標是在明年第二季就成立新機構的立法方案諮詢立法會和公眾。大家的意見，以及建議者的回應，對下一步如何推展西九將起決定性作

用。

就議員關注的事項，我們已提交兩份文件供議員參考。我和同事現在樂意回答議員的問題。

- 完 -

**Proceedings of the sixteenth meeting of the
Subcommittee on West Kowloon Cultural District Development
on Saturday, 29 October 2005, at 9:30 am
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 – 000042	Chairman	Opening remarks	
000043 – 000218	Chairman	Consideration of late membership application from Mr James TIEN	
000219 – 000500	Ms Margaret NG Chairman	<ul style="list-style-type: none"> - Endorsement of proposed amendment to the procedures of the Subcommittee - Meeting arrangements to discuss motions proposed by members 	
000501 – 001114	Administration	Opening remarks by the Secretary for Housing, Planning and Lands	
001115 – 002259	Dr KWOK Ka-ki Administration	<p>Discussion on:</p> <ul style="list-style-type: none"> - Why the Administration had not responded to the motion passed by the Council at the meeting of 5 January 2005 calling for the abandonment of the single-package development approach and the Canopy; - Role of the proposed statutory body; and - Comments of academics on the public consultation exercise on WKCD. 	
002300 – 003101	Mr Patrick LAU Administration	<p>Discussion on:</p> <ul style="list-style-type: none"> - Disposal of the proceeds from the carved-out developments; - Measures to ensure the quality of CACF and other communal facilities; and - Timetable for establishing the statutory body. 	

Time marker	Speaker	Subject(s)	Action required
003102 – 003911	Mr LEE Wing-tat Administration	Discussion on: - The need to appoint consultants to draw up a Master Layout Plan for developing WKCD instead of adopting the single-package development approach; and - The availability of objective criteria for assessing proposals.	
003912 – 005008	Mr CHEUNG Hok-ming Administration	Discussion on use of the proceeds from the carved-out developments	
005009 – 005835	Miss CHAN Yuen-han Administration	Discussion on measures to ensure the quality of CACF	
005836 – 010713	Mrs Selina CHOW Administration	Discussion on: - Whether additional requirements in the modified approach would discourage Proponents; - Need for greater transparency in the WKCD project; and - How quality of WKCD facilities could be ensured.	
010714 – 012549	Ir Dr Raymond HO Administration Mr Albert HO Chairman	Discussion on: - The suggestion to separate the development of arts and culture and property; - The need to enhance the transparency of the WKCD project;	
012550 – 015018	Mr Albert CHAN Administration Dr LUI Ming-wah Mr James TIEN	Discussion on details of the proposed \$30-billion trust fund, in particular its adequacy and enforceability	
015019 – 015101	Dr LUI Ming-wah Chairman Administration	Discussion on the need to appoint consultants to conduct studies relating to WKCD	
015102 – 015905	Ms Audrey EU Administration	Discussion on the need for the Administration to work out the current land value of WKCD, and how the \$30-billion trust fund had been worked out	

Time marker	Speaker	Subject(s)	Action required
015906 – 020547	Mr LEUNG Kwok-hung Administration	Discussion on: - Whether the \$30 billion trust fund could be reduced if less than two Proponents responded positively; and - How the proceeds from the carved-out development would be handled.	
020548 – 022508	Miss CHOY So-yuk Administration Mr LEE Wing-tat Miss CHAN Yuen-han	Discussion on: - Details of the carving-out proposal; - Use of the \$30 billion trust fund; and - Sources of museum collections.	
022509 – 023033	Mrs Selina CHOW Administration Chairman	Discussion on: - The need to set up early non-statutory consultation panels to involve arts and cultural groups in the development of WKCD; and - Use of the proceeds from the carved-out developments	
023034 – 023351	Mr James TIEN Administration	Discussion on: - Disposal of the carved-out land; - Whether the Proponent could offer an amount more than \$30 billion for the establishment of the trust fund.	
023352 – 023653	Mr Patrick LAU Administration	Discussion on the timetable for taking forward WKCD project	
023654 – 024132	Deputy Chairman Administration	Discussion on: - Scholars' comments on the public consultation exercise; - Details of matters agreed by the Town Planning Board	
024133 – 025839	Chairman Ms Margaret NG Mr LEE Wing-tat Mr Albert HO Mr Albert CHAN	Voting on the motion	

Time marker	Speaker	Subject(s)	Action required
	Ms Audrey EU Miss CHAN Yuen-han Mr Patrick LAU Administration		
025840 – 025953	Chairman Mr LEE Wing-tat	<ul style="list-style-type: none">- Date of next meeting- Request of the Administration to provide additional information in writing	The Administration to provide information as per paragraph 44 of the minutes.

Questions to the Administration for a written response

1. What are the reasons for not adopting the approach of separating the development of arts and culture and property, i.e. selling the land in West Kowloon Reclamation and making use of the proceeds for development of arts and culture?
2. How can the arts and cultural sector participate in deciding the way forward for the West Kowloon Cultural District (WKCD) project before the establishment of the statutory body?
3. Why wouldn't the Administration appoint consultants now to assess the financial cost and benefit of the WKCD project in order to obtain solid information to work out the best financial arrangement and for negotiation with the screened-in proponents?
4. Why wouldn't the Administration consider the approach of engaging consultants to draw up a Master Layout Plan for WKCD?
5. The successful proponent is required to carve out 50% of the development rights of the residential and commercial gross floor area (GFA) at the WKCD site for bidding by other developers. How was the percentage calculated?
6. As the three screened-in proponents may propose different ways of carving out 50% of the development rights of the commercial and residential GFA for open bidding, what are the criteria for assessing their proposals and what mechanism has been/will be put in place to ensure the assessment will be conducted in a transparent and impartial manner?
7. How would construction of the core arts and cultural facilities (CACF), the canopy and the communal facilities be financed? Would the proceeds from the sale of the 50% carved out developments be used to finance their construction?
8. Will the proceeds from the sale of the carved out development be ploughed into a fund separated from the trust fund and used for arts and cultural and other communal facilities and services provided in WKCD?
9. What are the estimated respective costs for the construction and maintenance of the CACF, the canopy, and the automated people mover? What is the estimated cost for procurement of collections for the proposed themed museums?
10. How would the Administration ensure that the successful proponent would construct the CACF and the communal facilities up to the required world standard? Why wouldn't the Administration set up the statutory body as early as possible to enhance public engagement and monitoring of the WKCD development?

11. Will the independent statutory body have any role to play in the selection of the successful proponent and the specifications of the hardware facilities to be provided in the WKCD?
12. CACF will take up 30% of the total GFA in WKCD. What will be included in the 30% area? What will be the respective proportion between culture and entertainment elements?
13. On what basis does the Government consider that \$30 billion is sufficient for covering the operating costs for CACF, other communal facilities and the statutory body? Please give details on how the \$30 billion has been worked out.
14. Is the requirement to pay \$30 billion upfront to establish an independent trust fund a prerequisite for selecting the successful proponent? Is there any room for negotiation? Please give details on the criteria to be adopted for selecting the successful proponent. How would the Administration assess whether the construction costs quoted by the screened-in proponents are reasonable or not?
15. In the event that the three screened-in proponents do not accept the condition of paying \$30 billion upfront to establish the trust fund, will the Administration open the negotiation to other developers?
16. What is the basis for assuming the return rate of the trust fund at 5% per annum?