

The Government of the Hong Kong Special Administrative Region

房屋及規劃地政局

香港花園道美利大廈



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6 December 2005

Miss Odelia LEUNG
Clerk to Subcommittee
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central, Hong Kong

Dear Miss LEUNG,

Subcommittee on West Kowloon Cultural District Development

Meeting on 29 October 2005

Thank you for the two letters of 31 October 2005, seeking our responses to the motion passed by the Subcommittee at its meeting on 29 October 2005, the written submissions of Dr MA Ngok and Dr Robert CHUNG, and Subcommittee's further questions concerning the West Kowloon Cultural District (WKCD).

Regarding the motion passed by the Subcommittee, we have duly considered the Report on Phase I Study prepared by the Subcommittee and provided our response to the Report via the attachment to our letter of 9 September 2005 to you. This is copied at Annex A for your easy reference.

Further, we reported at the special meeting of the House Committee meeting on 7 October 2005 the results of the public consultation and the Government's proposals to take forward the WKCD project. Among them,

foremost are our proposed additional development parameters and conditions to address the major public concerns. In particular, we have proposed to require the Successful Proponent to carve out at least half of the residential and commercial developments in the WKCD for open bidding. This is to address the concern of the Legislative Council (LegCo) and the public that the WKCD should not be solely developed by a single developer. We believe that public interest could be protected under the proposed development approach. In this connection, you may wish to refer to our responses to questions 1 and 2 attached to our letter to you of 27 October 2005.

Having listened to the views of the arts and cultural sector, the Secretary for Home Affairs advised that there has been overwhelming support from the arts and cultural sector for the proposals to establish a new statutory body and an independent fund for the sustainable operation of the WKCD. The arts and cultural sector also supports the early implementation of the WKCD so that the problem of insufficient cultural facilities and resources could be solved. As the Secretary for Home Affairs has stated clearly, the WKCD is only part of the arts and cultural development of Hong Kong and that we would not reduce the resources earmarked for arts and culture. Therefore the WKCD would certainly bring positive effects to the overall arts and cultural development in Hong Kong.

Since 1999, we have kept LegCo Members informed of the progress made in every key stage of the WKCD project, and will continue to do so. We have sought the preliminary views of the Town Planning Board (TPB) on the proposed development parameters at its meeting on 21 October 2005. The TPB has agreed in principle to the proposed additional development parameters as a basis for the future planning of the WKCD. We have invited all three screened-in Proponents for their responses to the additional development parameters and conditions. Their responses, as well as the views of LegCo, the TPB and the public, would be decisive factors in shaping the way forward for the WKCD.

We have referred the written submissions of Dr MA and Dr CHUNG to our independent consultant, the Public Policy Research Institute of the Hong Kong Polytechnic University (PPRI), for advice. PPRI has expressed serious reservation about some of the observations made by Dr MA and Dr CHUNG and asked the Government to refer its views thereon to the Subcommittee for consideration. The responses at Annex B seek to convey PPRI's views.

We have set out our responses to further questions raised by the Subcommittee at Annex C.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Y. YIU', written in a cursive style.

(Arsene YIU)
for Secretary for Housing, Planning and Lands

c.c. PPRI (Attn: Prof Peter Yuen)

香港特別行政區政府

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9 September 2005

Miss Odelia LEUNG

Clerk to Subcommittee on West Kowloon Cultural District Development
Legislative Council Building
8 Jackson Road
Central, Hong Kong

Dear Miss LEUNG,

**Subcommittee on West Kowloon Cultural District Development
Meeting on 13 September 2005**

Thank you for your letter of 5 September, inviting the Administration to attend the above meeting. In particular, you relayed in the letter the request of the Subcommittee for the Chief Secretary for Administration to attend the meeting to respond to its Report on Phase I Study and brief Members on the way forward for the West Kowloon Cultural District (WKCD) project.

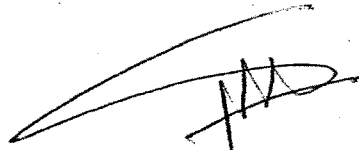
As undertaken by the Chief Secretary for Administration in his letter of 13 July to the Chairperson of the House Committee and reiterated in our letter of 27 August to you, the Chief Secretary for Administration will attend a special meeting of the House Committee to discuss with Members various issues regarding the development of WKCD. These include the outcome of the public consultation exercise completed in end June and matters related to the proposed "overseeing authority", on which the Subcommittee requested us to provide information vide your letter of 9 August. The Chief Secretary for Administration would be pleased to attend a special meeting of the House

Committee within the next few weeks to brief Members on these issues after further consultations with the Executive Council.

Hence, the Administration is not in a position to discuss the way forward of the WKCD project with the Subcommittee at this juncture. We and on behalf of the Chief Secretary for Administration would like to extend our apologies.

As regards the Administration's response to the Subcommittee's Report on Phase I Study, we have prepared a paper for the Subcommittee, as attached, and should be grateful if you would arrange for its distribution to Members.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Polly CHOY', written over a horizontal line.

(Ms Polly CHOY)
for Secretary for Housing, Planning and Lands

Subcommittee on West Kowloon Cultural District Development

The Administration's Response to the Report on Phase I Study of the Subcommittee

On 6 July 2005, the Legislative Council (LegCo) Subcommittee on West Kowloon Cultural District (WKCD) Development released its Report on Phase I Study. The areas of study in the Report include public private partnership (PPP), shortfall and long term needs in the development of arts and culture in Hong Kong, and land use and planning.

2. We appreciate the effort of the Subcommittee in studying the development of the WKCD. We are committed to co-operating fully with the Subcommittee. We have provided to the Subcommittee information and comments on the issues studied by it. We note that the Report has reflected some of the Government's comments. The Administration's response to the Report is set out in the ensuing paragraphs.

3. We welcome the Subcommittee's recognition of Hong Kong's capability to develop an integrated arts, cultural and entertainment district, and the overwhelming support from the community for the development of such a district.

4. On the mode of development, we note the concerns of the public and the Subcommittee on the single development approach. We also note the Subcommittee's recommendations that an overseeing authority for the development of the WKCD should be set up and that there should be consultation with the public on the mode of development and implementation strategy. The public consultation exercise ended on 30 June 2005. We are now considering the views of the Subcommittee and the public views received during the public consultation, and will give due regard to them in deciding the way forward.

5. In developing the WKCD project, we have adopted the PPP approach which allows us to bring in the private sector's financial resources, commercial knowledge and expertise. We intend to foster a partnership between the business sector and the arts and cultural sector in the promotion of the arts. It should be emphasized that the development process of the WKCD complies fully with the guiding principles set out in the "Introductory Guide to Public Private Partnerships" issued by the Efficiency Unit. The guide states that there is no need to construct a

public sector comparator when a project is financially free-standing, as is the case with the WKCD.

6. Regarding the Subcommittee's recommendation on the role of the Executive Council in the WKCD development, we would like to point out that we have made submissions to and sought approval from the Executive Council in the development of the WKCD. Before issuing the Invitation for Proposals and finalizing the mode of development, we made a submission to the Executive Council for discussion. Going forward, we will continue to do so at various stages, including seeking the Executive Council's prior approval for the execution of the provisional agreement and the project agreement.

7. We wish to reiterate that the development of the WKCD is in line with our established cultural policy, as outlined in the Culture and Heritage Commission Policy Recommendation Report. We will continue to adopt the principle of "partnership" and ensure the implementation of the WKCD project is "people-oriented" and "community-driven". In addition, based on previous studies and consultations, we believe the proposed arts and cultural facilities are the ones most wanted in Hong Kong.

8. We attach great importance to the views contained in the Subcommittee's Report and the public views received during the public consultation exercise in deciding on the way forward for the WKCD project. We shall be pleased to report progress of the WKCD project to the LegCo House Committee in the next few weeks after further consultations with the Executive Council.

Housing, Planning and Lands Bureau
9 September 2005