

Motion Debate on “Reports of the Subcommittee on West Kowloon Cultural District Development”

Progress Report

Purpose

This Progress Report seeks to update Members on latest development of the West Kowloon Cultural District (WKCD) since the motion debate on this subject held on 8 February 2006. It will first set out the position regarding the establishment of a new consultative forum for the project; and then address a number of major issues raised by Members during the motion debate, other than those which have been overtaken by events.

Background

2. Based on public views, the Government proposed in October 2005 additional development parameters and conditions under the Invitation for Proposals (IFP) for consideration by the three screened-in-Proponents. None of the Proponents gave a positive response to take forward their proposal. Noting the gap between the public demands and the market response, the Government announced on 21 February 2006 that it would not continue with the IFP process and would proceed to identify a new development approach to take forward the project.

Establishment of a new consultative forum

3. Following the announcement on 21 February 2006, the Chief Executive appointed a Consultative Committee (CC) and its three supporting Advisory Groups in early April 2006. The new consultative forum draws extensively from the arts, cultural, entertainment and tourism sectors. The appointment commenced on 6 April 2006 and will last till the end of 2006.

4. The main task of the CC is to re-examine, and re-confirm if appropriate, the need for the core arts and cultural facilities (CACF) for the WKCD as defined in the Invitation for Proposals (IFP) issued in September 2003 to meet the aspirations and needs of the local arts and cultural community and attract visitors. The CC will also advise the Chief Executive on the justifications for the CACF and other types of arts and cultural facilities as appropriate and necessary to be provided at the

WKCD, and the financial implications for developing and operating these facilities.

5. The Chief Secretary for Administration will chair the CC. The three Advisory Groups set up under the CC, namely the Performing Arts and Tourism Advisory Group (PATAG), Museums Advisory Group (MAG) and Financial Matters Advisory Group (FMAG), will be convened by the Hon Selina Chow Liang Shuk-ye, the Hon Victor Lo Chung-wing and the Hon Marvin Cheung Kin-tung respectively.

6. The PATAG and MAG will consider ways to gauge views in the coming months from the public, particularly views from the arts and cultural sector as well as the tourism industry, on the subject. The FMAG will consider the financial implications of the CACF as recommended by the other two groups. To support the work of the FMAG, the Government intends to appoint a financial adviser to conduct relevant financial studies.

7. The CC will first meet on 21 April 2006 and will endeavour to submit its findings to the Government in six months' time. After confirming the CACF to be provided at WKCD, the Government will be in a position to formulate an alternative development approach to take forward the WKCD project.

Underlying principles for the WKCD

8. We shall adhere to the following basic principles in pressing ahead the project under a new development approach –

- (a) to adhere to the original objective of developing a world-class integrated arts, culture and entertainment district;
- (b) to make the best use of past efforts for the WKCD;
- (c) to continue to explore Public Private Partnership (PPP) in taking forward the WKCD with a view to bringing in market creativity and vibrancy, facilitating diversity in arts and culture, and ensuring the sustainable operation of the WKCD;
- (d) to continue to designate the project area on the West Kowloon Reclamation site for the development of a Cultural District; and

- (e) to continue to uphold the principles of “partnership”, “community-driven” and “people-oriented” as put forward by the Culture and Heritage Commission (CHC) for WKCD development.

Arts and cultural policy

9. Our existing policy on the development of arts and culture in Hong Kong is to create an environment which is conducive to freedom of expression and artistic creation, and which encourages public participation in arts and cultural activities. Our policy comprises four key elements -

- (a) we respect freedom of expression and creativity;
- (b) we provide opportunities for the public to participate in arts and culture;
- (c) we encourage pluralism and diversity; and
- (d) we give various kinds of support to build up a healthy environment for arts and culture.

10. Our policy on arts and culture is in line with the six overall principles and strategies on promoting the long-term cultural development in Hong Kong, which were put forward by the CHC in its Policy Recommendation Report to the Government in April 2003. These six principles are namely People-oriented, Pluralism, Freedom of Expression and Protection of Intellectual Property, Holistic Approach, Partnership and Community-driven. The CHC’s Policy Recommendation Report covers a wide range of issues, looking into the cultural position of Hong Kong, education in culture and the arts, cultural facilities, review on resource deployment and institutional framework, and cultural vision of the future. It puts forward over 100 recommendations on overall policies and strategies of implementation. The Government is following up on most of them by phases.

Objective for the WKCD

11. Government’s objective for the WKCD is to develop a world-class arts and cultural district comprising local, traditional as well as international elements, enrich arts and cultural life for the people in Hong Kong and neighbouring areas, create job opportunities, benefit the tourism industry, and make Hong Kong an international cultural metropolis. This is effectively a major initiative to implement our existing policy on arts and culture. This is also in line with the CHC’s

views on Hong Kong's cultural position and vision, i.e. a metropolis in China which is most capable of bridging China and the world. In fact, the CHC has given its clear support to the WKCD development, and considered this project an unprecedented opportunity to develop arts and culture in Hong Kong.

Development and funding approaches for the WKCD

12. Our priority task at the moment is to re-examine with a view to re-confirming as appropriate the need for the CACF in the WKCD. At this stage, the Government has an open mind on the funding arrangement for the CACF and other communal facilities and services in the WKCD. We shall make reference to different approaches adopted by the Government for development projects in the past. Some examples, which are not exhaustive, are as briefly indicated below. We would like to emphasise that these are merely examples and should not be taken as the Government's preferred or not preferred approaches. One approach is the conventional one where the design, construction, maintenance and operation of the facilities are provided by public funding. Another approach is an arrangement under which land is allocated to a statutory body set up for the project, with such body responsible for the construction and operation of the facilities involved. The body may also be responsible for the design of the facilities. The income from the property development and/or other commercial activities will be used to fund the construction and/or ongoing operation and maintenance of the facilities. Another option is a combination of the two approaches mentioned above, i.e. the design and construction of the facilities are met by public funding, while the operation and maintenance of the facilities will be funded by proceeds from the development of the land granted to the statutory body and recurrent income from other commercial activities.

13. We also maintain an open mind on whether the project should be developed in phases, having regard to our vision for developing a world class integrated arts and cultural district.

Public-private partnership

14. We are inclined to adopt a PPP approach for developing the WKCD. This would –

- (a) foster the principle of “partnership” between the Government, the private sector and the arts and cultural community in the development of culture and the arts through the WKCD

project. This would be in line with the Government's cultural policy that the Government should perform the role of a facilitator, providing a favourable environment for the development of culture and the arts; and

- (b) ensure the sustainable operation of the WKCD by –
 - (i) sharing financial risks with the private sector;
 - (ii) enlarging the scope for market creativity and innovation through a financially self-standing, non-Government operation mode as desired by many practitioners in the arts and cultural sector;
 - (iii) providing reliable streams of income to support the long term planning of arts and cultural programmes by saving their need to compete for recurrent public funding with other policy areas of higher social priorities; and
 - (iv) limiting any intervention by the Government and the legislature in cultural matters for a more liberal and open society, and greater diversity in arts and culture including minority arts.

15. We however do not plan to invite private developers to develop the arts and cultural facilities in the WKCD. This function could be vested in the statutory body to be established for the WKCD in future. The private sector could provide a funding source, both on a capital and recurrent basis, for the statutory body to develop and operate these facilities under a PPP approach.

16. Going forward, we shall survey various forms of PPPs taking into account local and international experience that may be suitable for the WKCD as a whole, individual arts and cultural facilities, or certain operational functions thereof. We shall look forward to hearing comments from the CC in this regard. Views of the Legislative Council (LegCo) will certainly be taken into account on the development approach for the project. Similar to other PPP projects, we shall ensure that the development process is highly transparent. We believe that the LegCo will be able to play a significant role in the development of the project, in particular through the scrutiny and enactment of the enabling legislation for establishing a statutory body for the WKCD in due course.

Home Affairs Bureau
Housing, Planning and Lands Bureau
13 April 2006