

**For information  
on 23 November 2006**

**CC/17/2006**

**Consultative Committee on the  
Core Arts and Cultural Facilities of the  
West Kowloon Cultural District**

**Financial Matters Advisory Group  
Progress Report**

**Purpose**

This paper reports on the progress of work of the Financial Matters Advisory Group (FMAG).

**Work of the Financial Advisor**

2. To support the work of the FMAG, the Government appointed GHK (Hong Kong) Ltd. as the Financial Advisor (FA) on 1 August 2006. The FA has been tasked to conduct the following studies relating to the work of the FMAG -

- (a) A qualitative analysis on public private partnership (PPP) arrangements in Hong Kong and overseas in order to identify PPP arrangements that may be suitable for developing different

facilities in the West Kowloon Cultural District (WKCD);

- (b) A public sector comparator (PSC) on the core arts and cultural facilities (CACF) as recommended by the Performing Arts and Tourism Advisory Group (PATAG) and the Museums Advisory Group (MAG); and
- (c) Assessment of the financial implications and financial viability of developing and sustaining the operation of the recommended CACF, as well as measures to eliminate or reduce any funding gap identified.

3. The FA has completed task (a) in paragraph 2 above. The FA has studied a number of relevant local and overseas PPP arrangements. Based on Performing Arts and Tourism Advisory Group (PATAG)'s recommendations and Museum Advisory Group (MAG)'s latest thinking, the FA has studied a number of PPP options that may be suitable for individual arts and cultural facilities proposed for the WKCD. Taking the WKCD project as a whole, the FA has further studied several PPP scenarios for testing in the financial analysis, including packaging the development of some of the facilities with commercial and residential developments and taking into account the possible PPP options for the individual facilities.

4. The FA is currently working on task (b) in paragraph 2 above. Besides, preliminary work on task (c) in paragraph 2 above has been started, pending receipt of MAG's recommendations.

### **Work of the FMAG**

5. Given the sequential nature of the work among the three Advisory Groups, the FMAG's work has to dovetail with those of the PATAG and MAG. The PATAG's report submitted to the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD (CC) on 7 September 2006 has since been forwarded to the FA for the purpose of assessing the financial implications. The FMAG had considered the FA's findings and recommendations on the PPP options that may be suitable for individual arts and cultural facilities proposed for the WKCD. The FMAG will hold further meetings in the coming month to consider the findings and recommendations of the FA, with a view to making a report to the CC on the financial implications of developing and operating the recommended CACF by end December 2006/January 2007.

**Secretariat, Financial Matters Advisory Group**  
**November 2006**