

**Motion Debate on  
“Report of the Subcommittee on  
West Kowloon Cultural District Development”  
at the Legislative Council meeting of  
25 June 2008**

**Progress Report**

**Purpose**

At its meeting on 25 June 2008, the Legislative Council (“LegCo”) passed the following motion –

“That this Council notes the Phase III Study Report of the Subcommittee on West Kowloon Cultural District Development.”

This Report briefs Members of the latest progress of the West Kowloon Cultural District (“WKCD”) Project.

**Passage of the West Kowloon Cultural District Authority Ordinance**

2. The Government introduced the West Kowloon Cultural District Authority (“WKCDA”) Bill into the LegCo on 20 February 2008 with a view to establishing a dedicated statutory body, the WKCDA, to take forward the WKCD project. A Bills Committee was formed in February 2008 to scrutinize the Bill. After four months of intensive deliberations through 15 meetings in the Bills Committee, Second Reading Debate of the WKCDA Bill was resumed on 2 July 2008 and the Bill was passed by the LegCo on 3 July 2008 together with 57 Committee Stage Amendments proposed by the Government involving 21 clauses.

3. The Ordinance has taken into account the deliberations in the Bills Committee, the LegCo Sub-Committee on WKCD Development, the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD and its three Advisory Groups (namely the Performing Arts and Tourism Advisory Group, Museum Advisory Group and Financial Matters Advisory Group), as well as public opinions gathered during the three months' public engagement exercise from September to December 2007.

4. The Ordinance confers upon the WKCDA a forward-looking vision embedded in a series of cultural policy objectives which the WKCDA should aim to achieve in performing its functions. Functions of the WKCDA include responsibility to prepare a development plan for the WKCD; to provide, operate, manage and maintain arts and cultural facilities and related facilities in the WKCD; and to promote and encourage the appreciation of and participation in arts and culture. The Board of the WKCDA, which is the governing and executive body of the Authority, will comprise a balanced mix of dedicated individuals with the requisite expertise and experience not only in arts and culture, but also in a variety of relevant disciplines who would work cohesively to realize the vision and objectives of the WKCD Project.

5. To ensure that the WKCDA will operate with a high degree of public accountability and transparency, a progressive step was taken by imposing a statutory duty on the WKCDA to consult the public on the development or operation of arts and cultural facilities and other related facilities of the WKCD at such time and in such manner as it considers appropriate. The Ordinance requires the WKCDA to set up a consultation panel to gather public views on matters relevant to the

functions of the WKCDA. The Ordinance also requires the WKCDA to consult the public in preparing the development plan for the whole WKCD. The development plan, which will lay out the various land uses in the WKCD, will have to be approved in accordance with the procedures set out under the Town Planning Ordinance (Chapter 131). This will provide further opportunities for the public to express their views.

6. Multiple accountability and control provisions have also been provided in the Ordinance to delineate clearly the division of responsibilities amongst different parties — the governance structure of the WKCDA itself, the executive, the legislature and statutory public watchdogs. On corporate governance, the WKCDA is required to set up an Audit Committee, an Investment Committee and a Remuneration Committee. Elaborate provisions were provided to guard against conflict of interests. The WKCDA is required to submit its corporate plan and business plan to the Secretary for Home Affairs, as well as to keep proper accounts, to prepare its Annual Report, to invest, to borrow and to establish general and reserve funds in accordance with requirements of the Ordinance. Upon the request of the LegCo, the Chairman and the Chief Executive Officer of the WKCDA have to attend LegCo meetings to answer questions. In addition, the WKCDA will be put under the remit of the Director of Audit, the Independent Commission Against Corruption, and the Ombudsman to safeguard public interests.

### **Upfront endowment**

7. The Consultative Committee on the Core Arts and Cultural Facilities of the WKCD, on the advice of the Financial Matters Advisory Group, recommended that a prudent and transparent financing approach

for the WKCD should be adopted, as follows –

- (a) finance the capital costs of the WKCD project through an upfront endowment to be appropriated by the LegCo; and
- (b) vest the retail/dining/entertainment part of the commercial sites in the WKCD to provide a steady source of recurrent income through rental proceeds to meet the operating deficits of the core arts and cultural facilities and related facilities.

8. Under this financing arrangement, the Government would provide a one-off upfront endowment as a long-term commitment towards the development of arts and culture in Hong Kong, whilst the sites for residential, hotel and office within the WKCD would be disposed of separately by the Government through the normal land disposal mechanism at suitable timing in future.

9. An upfront endowment of \$21.6 billion was approved by the Finance Committee of the LegCo on 4 July 2008. The WKCD will be required to manage the upfront endowment (including investment of funds) to ensure that there would be sufficient funds to cover the cash flow requirements of the capital costs of the WKCD project during the project period. The WKCD will also be required to ensure the financial sustainability of operating and managing the arts and cultural facilities and related facilities in the WKCD.

## **Way Forward**

10. The Administration is proceeding with the establishment of the WKCDA.

**Home Affairs Bureau  
October 2008**