

**LegCo Panel on Home Affairs and Panel on Development
Joint Subcommittee to Monitor the Implementation of
the West Kowloon Cultural District Project**

**Response to the letter from Hon Lee Wing-tat
dated 14 November 2011**

Financial Issues

The West Kowloon Cultural District (WKCD) project will span over a decade, during which short-term changes in economic conditions may affect the construction costs and other relevant factors. The estimated project costs are subject to fluctuations for the following reasons:

- (a) external economic factors including construction cost escalation, investment returns and inflation rates;
- (b) phasing of the Core Arts and Cultural Facilities;
- (c) outcome of design processes including design competitions; and
- (d) costs of the integrated basement infrastructure and green features to be apportioned between the West Kowloon Cultural District Authority (the Authority) and the Government.

2. The Authority is committed to adopting prudent financial management in the implementation of the project and ensuring that the existing resources are spent effectively through suitable phased development of facilities, innovative procurement modes, alternative revenue sources, cost-effective designs, etc. WKCD is prepared to look into alternative funding sources, which may include possibly a public-private-partnership mode for the development of three venues with commercial contents (namely the Mega Performance Venue/Exhibition Centre complex and the Musical Theatre), apart from donations and sponsorships.

3. The WKCD project is still at its planning stage, and the designs of various buildings have yet to commence. More realistic cost

estimates would only be available when the designs are in place and the tendering for Phase 1 facilities has been completed. The Authority will continue to closely monitor the economic conditions in particular the construction tender prices, and report on the financial position through its annual reports made known to the public.

Partnerships with Arts Groups

4. Resident companies will be an essential component to the operation of individual venues and the development of a vibrant cultural district. The Authority therefore plans to invite performing arts organisations to take on a residency role in various forms. The Authority will work out the operational and programming arrangements for individual venues and concurrently conduct a study on resident company schemes. The forms of residency may include:

- (a) A limited number of full residencies;
- (b) Performance residencies;
- (c) Project-based or short-term residencies; and
- (d) Education partners.

5. In addition to the rehearsal facilities provided in individual venues, there will be offices, storage spaces, workshops and dedicated rehearsal and artist support facilities in the two Resident Company Centres adjacent to the performing venues. Although full residencies are likely to centre on the usage of one particular facility, resident companies are proposed to be associated with the WKCD as a whole in order to ensure that their creative activities are demonstrated in as many facilities and programmes as possible across the WKCD.

6. The Authority has devoted much effort over the past 2 years to engaging and building partnerships with the local arts and cultural community. To ensure that the future arts and cultural facilities in the WKCD will meet public and users' aspirations, the Authority conducted 25 and 28 stakeholder engagement meetings during the Stage 1 and Stage 2 Public Engagement Exercise respectively. Since the selection of

Foster+Partners' Conceptual Plan in March 2011, a total of 34 meetings have been held to seek relevant stakeholders' views on the artistic positioning and schedules of accommodation of various facilities. This dialogue with stakeholders will continue as the project progresses. So far, the Authority has conducted 87 engagement meetings with 91 arts and cultural groups / institutions in total.

Funding for Performing Arts Groups

7. The Government allocates a subvention of over \$264 million to the nine major performing arts groups every year, which accounts for about 9.4% of the annual Government spending on the arts and culture. There is no "uncertainty" as regards the Government subvention for the major performing arts groups. As for the funding mechanism review mentioned in Mr Lee's letter, the Home Affairs Bureau has engaged a consultant to conduct a study on the funding mechanism for the major performing arts groups. It is expected that the study will be completed within this financial year.

Home Affairs Bureau
November 2011