

The Government of the Hong Kong Special Administrative Region

房屋及規劃地政局

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6 January 2006

Miss Odelia LEUNG
Legislative Council Secretariat
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

Phase II Study Report

I refer to the Subcommittee's Phase II study report issued today.
The Administration's response to the report is set out in the attached press
release.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Danny Lau'.

(Danny Lau)

for Secretary for Housing, Planning and Lands

Commenting on the recommendations in the Phase II study report released by the Legislative Council's Subcommittee on West Kowloon Cultural District Development today (January 6), the Chief Secretary for Administration, Mr Rafael Hui, said they deviated substantially from the original concept of the Government in developing the West Kowloon Cultural District (WKCD).

Mr Hui pointed out that Government's policy objective for WKCD was to develop a world-class arts and cultural district, enrich arts and cultural life, create job opportunities and benefit the tourism industry. The Government had a clear cultural policy and vision, and had consistently applied to WKCD throughout this development process.

Noting that the WKCD project was a major development, Mr Hui said the Government considered that fostering a partnership with private corporations to tap resources, creativity and innovation from the private sector would be the most effective way to shape the WKCD project to meet the public needs. At the same time, a public-private partnership would ensure that the WKCD project was sufficiently funded to operate on a self-financing and sustainable basis.

The subcommittee was inclined to a more conservative approach. It suggested that the Government adopt a traditional way of developing the WKCD by tendering out the commercial and residential lots through the usual land sale procedures and using public funds to build cultural facilities.

Mr Hui said the subcommittee's recommendations would in effect mean giving up the plan of leaving private corporations to shoulder the expenses for the development and operation of the WKCD, and instead going back to the old way of using public funds to meet expenses and making the Government bear all financial risks involved.

The subcommittee's report had failed to explain how, by going back to the old way, sufficient funding allocation could be secured every year to operate the cultural district, he said.

In fact, the Government had, in the past two years, conducted several rounds of consultations with the cultural and professional sectors and the public. It had also

conducted opinion surveys to gauge the community's views. The development of the WKCD had basically won widespread public support.

In order to understand fully the public's views on the WKCD project, the Government had conducted a six-month extensive public consultation exercise in 2004-05. During the consultation, the three screened-in proposals were put on public display at various venues in the territory. Screened-in proponents presented their proposals to the visitors at the exhibition. The Government had also arranged for the screened-in proponents to present their proposals to the Legislative Council, the Town Planning Board, the Harbour-front Enhancement Committee, etc. and to listen to their views. Moreover, the Government organised large-scale open forums and attended meetings with all District Councils to exchange views with the professionals, the cultural sector, district personalities and District Council members on the WKCD project.

More than 30,000 comment cards from the public and over 600 written submissions were received during the public consultation. The Public Policy Research Institute of the Hong Kong Polytechnic University was commissioned by the Government to conduct independent and comprehensive analysis of these views, and to carry out three large-scale random telephone surveys. About 4,500 people were successfully interviewed during the telephone surveys to triangulate the views collected from various channels. The institute was satisfied that the opinion survey and analysis methods were proper and that the findings of the analysis were reliable.

Findings of the public consultation revealed that the public generally supported the WKCD project and its early implementation. During the process of consultation, the Government also identified several areas of public concern and responded positively to them on October 7 last year.

Mr Hui pointed out that since the majority of the public did not want the project to be developed by a single developer and there were concerns that it might become a real estate project, the Government had already decided to scrap the single development approach and introduce new development parameters and conditions. Specific proposals were announced on October 7 last year, including capping the maximum plot ratio and the percentage of residential development; requiring the proponents to carve out at least half of the gross floor area of residential and commercial developments for open bidding so that more developers could participate

in the project. To ensure fair competition, the successful proponent would be barred from bidding for the carved-out portions or handling the bidding process. The arrangements, mechanism and timing of the bidding would be decided by the Government.

An integrated planning and development approach for WKCD had been adopted, Mr Hui said. For effective co-ordination of the construction works, uniformity in design and a clear line of responsibility, the Government decided that the successful proponent should be responsible for co-ordinating the whole project and developing the Core Arts and Cultural Facilities (CACF), the canopy and other communal facilities within the district.

Noting that the CACF would occupy one-third of the gross floor area of the WKCD, Mr Hui said these facilities, generally speaking, would not bring profits to the successful proponent. The Government would ensure that the public's interests would be fully protected under the proposed development approach.

In order to maintain the principle of developing the WKCD project on a self-financing basis, the Government had required the successful proponent to pay \$30 billion to establish a fund as part of the new development parameters and conditions. The Government expected that the \$30 billion fund could provide adequate support for the sustainable operation of the CACF and other communal facilities at the WKCD, and the proposed statutory body.

On the suggestion to set up an independent statutory body to develop the WKCD project, details of the statutory body could only be decided pending the comments from various sectors of the community and responses from the screened-in proponents on the proposed development parameters and conditions.

Mr Hui said if the screened-in proponents came up with a positive response by the end of this month, the Government hoped to consult the Legislative Council and the public on specific legislative proposals for the proposed statutory body in the second quarter of this year.

He added that the issues mentioned in the subcommittee's report basically overlapped the areas of public concern identified in the public consultation and opinion surveys conducted by the Government.

He said he believed that the new development parameters and conditions proposed in October last year had, in substance, responded to the concerns of the public.

He said that at this stage, the Government would continue to listen to and exchange views with all sectors of the community, including the arts and cultural sector.

Ends/