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**Paper for the House Committee meeting
on 6 June 2008**

**Motion debate on Phase III Study Report of
the Subcommittee on West Kowloon Cultural District Development**

Purpose

This paper invites Members to consider the request of the Subcommittee on West Kowloon Cultural District Development (the Subcommittee) of the House Committee, under House Rule 14A(h), for priority allocation of a debate slot for the Subcommittee Chairman to move a motion at the Council meeting on 25 June 2008 on the Phase III Study Report of the Subcommittee.

Phases I and II of the Subcommittee's Study

2. The Subcommittee was set up by the House Committee on 21 January 2005 to study and follow up issues relating to the development of West Kowloon Cultural District (WKCD) including its interface with arts and cultural development, land use and planning, environmental considerations, financing implications and arrangements, and other related matters.

3. The Study was conducted by the Subcommittee in three phases. Phases I and II of the Study were conducted when the WKCD project was pursued by the Administration under the Invitation for Proposals¹ (IFP) framework, which was launched in September 2003 and was modified in October 2005 with the imposition of additional development parameters and conditions to the development framework. In the Phase I Study, the Subcommittee identified the problems of the development of WKCD under the

¹ In September 2003, through IFP, the Government invited, among other things, submission of a preliminary masterplan based on the development brief and supporting technical, financial and operation proposals, including the amount of land premium offered, if any, and a comprehensive business plan setting out a strategy for establishing WKCD as a world class arts, cultural and entertainment attraction. The successful proponent will be required to plan, design, finance, construct, procure, fit out and complete WKCD and subsequently operate, maintain and manage the core art and cultural facilities for a period of 30 years. A land grant of the site for a term of 50 years in favour of the successful proponent will be executed at such time as Government considers appropriate after the execution of the project agreement.

original IFP framework and made recommendations on the way forward. The Phase I Study Report was presented to the House Committee and published on 6 July 2005. In the Phase II Study, in light of the modified IFP framework, the Subcommittee focused on the mode of planning, implementing, management and financing for WKCD using overseas projects of comparable scale as references. The Phase II Study Report was submitted to the House Committee and published on 6 January 2006.

4. In discussing the Phase II Study Report at the House Committee meeting on 13 January 2006, Members agreed that the Chairman of the Subcommittee would move a motion on the Report for debate at the Council meeting on 8 February 2006, and that the debate on the Report would take place before the debates on the other two individual Members' motions. The motion was moved by the Chairman of the Subcommittee and passed by the Council on 8 February 2006.

Phase III of the Subcommittee's Study

5. On 21 February 2006, the Chief Secretary for Administration (CS) announced that the Government had decided not to pursue WKCD under the IFP process any further, as none of the shortlisted proponents made any firm and clear commitment to pursuing the WKCD project under the modified IFP framework. CS also announced that the Administration would establish a Consultative Committee on the Core Arts and Cultural Facilities of the West Kowloon Cultural District (the Consultative Committee) and its three Advisory Groups, to re-examine, and re-confirm if appropriate, the need for the Core Arts and Cultural Facilities (CACF) as defined in the IFP and other arts and cultural facilities to be provided in WKCD, and to examine the financial implications of developing and operating these facilities. Appointments of the Consultative Committee and its three Advisory Groups were made by the Chief Executive in April 2006. The Subcommittee then decided that it would continue to study and monitor the development of issues relating to WKCD, taking into account the Government's plan to formulate a new way forward for the WKCD project.

6. Between April 2006 and the release of the Consultative Committee's Recommendation Report in September 2007, the Subcommittee held meetings with the Administration to discuss the progress of the work of the Consultative Committee and its Advisory Groups at various stages, and to receive views from interested groups and individuals on related issues. On 9 March 2007, the Subcommittee reported to the House Committee on the progress of the Subcommittee's work since the submission of the Phase II Study Report, and the Subcommittee's plan to issue a position statement setting out its views on the Government's new approach in taking forward the WKCD project. After reporting to the House Committee, the Chairman of the Subcommittee wrote to CS and asked the Consultative Committee to take heed of the views set out in the position statement before completing its findings.

7. On 12 September 2007, the Administration released the Recommendation Report of the Consultative Committee and launched a three-month public engagement exercise on its recommendations in the report. The recommendations of the Consultative Committee cover the following aspects --

- (a) provision of 15 performing arts venues, comprising 12 venues to be developed during Phase 1 of the WKCD project and another three venues during Phase 2;
- (b) establishment of a new type of cultural institution entitled M+ (Museum Plus) to be developed in two phases according to the 70%/30% ratio;
- (c) financing the capital costs of CACF and related facilities through an upfront endowment established using moneys approved by the Legislative Council, and vesting the retail/dining/entertainment part of WKCD in the statutory body for WKCD for it to meet the operating deficits of CACF and related facilities;
- (d) adoption of the development parameters under the modified IFP framework announced in October 2005, and the more stringent building height restrictions proposed by the Planning Department;
- (e) adoption of a development mix comprising 36% of the gross floor area for CACF to be suitably integrated with office (15%), RDE (16%), hotel (8%) and residential (maximum 20%) developments; and
- (f) setting up a WKCD Authority (WKCDA) as soon as practicable.

8. Since the release of the Consultative Committee's Report, the Subcommittee has focused its deliberations on the establishment of WKCDA and the financing arrangements to support the development and operation of CACF in WKCD. The Subcommittee conducted two rounds of consultations in October 2007 and January 2008 to gauge the views of interested organizations and individuals on the recommendations of the Consultative Committee and on the key aspects of the Administration's proposed legislation for the establishment of WKCDA.

9. The Subcommittee has noted that the Administration plans to submit the funding proposal for the implementation of the WKCD project through an upfront endowment of \$21.6 billion for WKCDA, to the Public Works Subcommittee on 18 June 2008 and to the Finance Committee on 4 July 2008. The Administration has also indicated its intention to resume the Second Reading debate on the WKCDA Bill on 25 June or 2 July 2008. In light of the

Administration's work schedule, the Subcommittee plans to submit its Phase III Study Report to the House Committee on 20 June 2008, so that Members may take into account the Subcommittee's findings and recommendations in deciding whether they would support the funding proposal and the Bill. The Phase III Study Report will cover the following aspects of the WKCD project --

- (a) the planning of WKCD and the application thereto of the town planning procedures under the Town Planning Ordinance (Cap. 131);
- (b) the recommended contents, phasing and other implementation aspects of CACF;
- (c) the enactment of legislation for the establishment of the statutory authority for WKCD; and
- (d) the financing of the WKCD project.

Motion debate

10. At the Subcommittee meeting on 24 May 2008, the Subcommittee considered that to provide an opportunity for Members to express their views on issues pertinent to the WKCD project as described in paragraph 9, and for the Administration to provide its response, a motion on the Subcommittee's Phase III Study Report should be moved for debate at a Council meeting. The Subcommittee considered that the motion debate should take place as early as possible after the publication of the Phase III Study Report on 20 June 2008. As such, the Subcommittee agreed to seek the agreement of the House Committee, under House Rule 14A(h), for priority allocation of a debate slot for the Subcommittee Chairman to move a motion at the Council meeting on 25 June 2008 on the Phase III Study Report. According to the House Rule, should the House Committee accede to the request, the debate slot will not be counted as the mover's own slot. The wording of the motion, as endorsed by the Subcommittee, is in the **Appendix**.

Advice sought

11. The House Committee's agreement is sought for the Subcommittee's request in paragraph 10 above.

Appendix

**Motion on "Report of the Subcommittee on
West Kowloon Cultural District Development"
to be moved by Hon Alan LEONG Kah-kit
at the Legislative Council meeting of Wednesday, 25 June 2008**

Wording of the Motion

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