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Panel on Home Affairs and Panel on Development

**Joint Subcommittee to Monitor the Implementation of
the West Kowloon Cultural District Project**

Proposed extension of period of work of the Joint Subcommittee

Purpose

This paper seeks the views of members of the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee") on the need for the Joint Subcommittee to extend the period of its work and continue to operate in the 2015-2016 session.

Background

2. The Joint Subcommittee was appointed by the Panel on Home Affairs and the Panel on Development in January 2013 to monitor issues relating to the implementation of the West Kowloon Cultural District ("WKCD") project, including the work of the West Kowloon Cultural District Authority ("WKCDA"), the project's interface with arts and cultural development, and other related matters. According to its work plan, the Joint Subcommittee will follow up on the recommendations of the former Joint Subcommittee formed in the Fourth Legislative Council ("LegCo") and focus its work on the following areas –

- (a) the taking forward of the Development Plan ("DP") for WKCD;
- (b) planning and development of the core arts and cultural facilities and other associated facilities;
- (c) strategy for the development of cultural software;

- (d) financial management and procurement procedures; and
- (e) governance and work of WKCDA.

Work of the Joint Subcommittee

3. The Joint Subcommittee has, since 29 January 2013, held 19 meetings and received views of deputations at three of these meetings. The Joint Subcommittee has also conducted a site visit on 17 December 2013 to better understand the pedestrian connections for WKCD. Major issues studied by the Joint Subcommittee include -

- (a) Development of WKCD
 - (i) implementation of the approved DP of WKCD;
 - (ii) WKCDA's proposal for minor relaxation of the development intensity of the WKCD site to increase the total gross floor area by 15% for various uses;
 - (iii) progress in the planning and development of the core arts and cultural facilities and other associated facilities including Xiqu Centre, M+, the Park, Arts Pavilion, Lyric Theatre Complex, Artist Square Development Area and the WKCD integrated basement;
 - (iv) preparation of the Public Open Space Bylaw of WKCD;
 - (v) integration and connectivity of WKCD with its neighbouring districts including pedestrian facilities, public transport facilities, traffic improvement works for the West Kowloon area and provision of parking spaces in WKCD; and
 - (vi) management and utilization of the WKCD site prior to the commencement of the construction works for the WKCD project.
- (b) WKCD project's interface with arts and cultural development
 - (i) measures to promote the development of cultural software to complement the WKCD project, including building of audience, promotion of arts education in schools, grooming of arts talents, as well as training and development of arts administrators;

- (ii) artistic characteristic and partnership framework of performing arts venues in WKCD and proposed governance and management structure for Xiqu Centre and M+; and
 - (iii) communication and co-operation between WKCDA and the arts community in the development of WKCD.
- (c) Financial situation of and arrangements for the WKCD project and work of WKCDA
- (i) use and adequacy of the upfront endowment of \$21.6 billion for the WKCD project and financial management by WKCDA;
 - (ii) funding arrangements for the integrated basement and public infrastructure works in WKCD; and
 - (iii) role and functions of the Consultation Panel of WKCDA.

Need for continuation of work

Progress in development of arts and cultural facilities

4. The WKCD project is a major initiative of the Government to meet the long-term infrastructural and development needs of the arts and cultural sector in Hong Kong. Under the latest implementation approach adopted by WKCDA in 2013, the facilities in WKCD will be delivered in three batches. After years of planning, the WKCD project is now in a critical stage of development, with the design/construction works of the first two batches of facilities in full swing. The facilities to be delivered in Batch 1 and Batch 2 include, among others, the Park (with the Arts Pavilion), Freespace (including Outdoor Stage and Black Box), Xiqu Centre, M+ and Lyric Theatre Complex, which are targeted for completion in stages between the second half of 2015¹ and end 2020. Furthermore, WKCDA has proposed to accelerate the development of the area around the Artist Square (comprising M+, Lyric Theatre Complex, retail/dining/entertainment facilities ("RDE") facilities as well as office/residential developments) into a mini-WKCD, which is targeted for completion by around 2020, to facilitate "destination building" in the early

¹ The temporary nursery park is scheduled for completion in the second half of 2015.

phased development of WKCD and to expedite the provision of RDE facilities to generate income for WKCDA.

5. In May 2014, the Joint Subcommittee was advised that the portion of the endowment fund for the design and construction of the WKCD facilities would be sufficient only to cover the costs of the Batch 1 and Batch 2 facilities, while the implementation programme for the Batch 3 facilities would be reviewed at a suitable juncture. Some members have expressed concern about the absence of concrete timetable for the Batch 3 facilities, comprising venues such as Music Centre, Great Theatre and Musical Theatre which are crucial components of the WKCD that has been envisioned. Members also note with grave concern the impact of the delay in the works of the Guangzhou-Shenzhen-Hong Kong Express Rail Link project on the implementation programme of some of the WKCD facilities. Given the great public concern about the delay in the implementation schedule of the WKCD project, the Joint Subcommittee will need to continue to closely monitor the progress of the planning and construction of the Batch 1 and Batch 2 facilities, and follow up the development programme for the Batch 3 facilities, to ensure that the WKCD facilities will be delivered on schedule for early public enjoyment.

Development of the WKCD integrated basement

6. The Joint Subcommittee has been following up the progress in the development of the WKCD integrated basement. At its meeting on 19 May 2015, the Joint Subcommittee examined the Administration's funding application for the first and second stages of design, site investigation and construction works of the integrated basement at an estimated cost of about \$2.9 billion in money-of-the-day prices. Members expressed grave concern that the cost estimate of the integrated basement has increased from more than \$10 billion as advised by the Administration in July 2013 to around \$23 billion. Concern was also raised that the phased implementation approach would result in delivery of the integrated basement and WKCD facilities in a fragmented manner and lack of connections among different zones of the integrated basement.

7. According to the Administration, based on the proposed phased implementation arrangement, the estimated total amount of funding sought/to be sought for implementing Zones 3A, 3B and 2B of the integrated basement and the associated public infrastructure works in the years up to 2016-2017 would be about \$10 billion. However, as the cost estimates for the remaining portions of the integrated basement (i.e. Zones 2A and 2C), which were to be implemented at a later stage, were not available yet, the Administration could not give an undertaking that the final cost of the whole integrated basement would not exceed \$23 billion.

Cultural software development and mode of governance of WKCD facilities

8. The Joint Subcommittee considers the development of cultural software pivotal to the success of the WKCD project. Members are worried that there may not be sufficient arts professionals/administrators in Hong Kong to meet the manpower demand arising from the phased commissioning of the WKCD facilities in the next few years. The Administration has been urged to allocate more resources for the promotion of cultural software development to enhance Hong Kong's artistic capacity, groom local arts talents and arts-related personnel, and build audiences for WKCD and the local arts sector as a whole.

9. Some members have requested that the Administration and WKCDA should jointly map out and report to the Joint Subcommittee in due course a blueprint for the development of cultural software of Hong Kong to complement the WKCD project. Furthermore, to complement the hardware development of the arts and cultural facilities in WKCD, WKCDA is in the course of formulating the artistic positioning of the arts and cultural venues and developing a suitable mode of governance and business model for each venue which supported its artistic positioning. The Joint Subcommittee will need to continue to follow up the development of the above matters which will have significant bearing on the implementation and sustainability of the WKCD project.

Accessibility of WKCD and connectivity of WKCD with its neighbouring districts

10. The Joint Subcommittee has discussed the integration and connectivity of WKCD with its neighbouring districts at a number of meetings and members have expressed concerns about various issues, particularly in relation to pedestrian accessibility within WKCD and between WKCD and its neighbouring areas, design and management of pedestrian facilities for WKCD, provision of public transport services including marine transport service, provision of parking spaces in WKCD and crowd dispersal arrangements.

11. When the subject was last discussed at the meeting of the Joint Subcommittee on 12 January 2015, members were advised that to secure the successful operation of the WKCD project, a Traffic Operation Plan ("TOP") consultancy study was being conducted by WKCDA covering the following five aspects: (a) public transport planning and operation; (b) car park, loading and unloading management; (c) cycling provision and design; (d) marine access and operation; and (e) traffic control and management. At the request of members, WKCDA has undertaken to report to the Joint

Subcommittee on the interim findings of the TOP consultancy study in the second half of 2015.

Financial situation of and arrangements for the WKCD project

12. Noting that the relevant portion of the endowment fund could only cover the design and construction costs for the Batch 1 and Batch 2 facilities and the high cost estimate for the integrated basement, which was not covered in the original project scope when LegCo's approval was sought in 2008 for the upfront endowment, members have expressed grave concern over the serious cost overrun of the WKCD project as well as the uncertainty about the extent of the cost overrun problem. The Joint Subcommittee has urged WKCDA to make its best endeavour to contain the construction costs of individual facilities of WKCD without compromising the overall quality and functions of the facilities, and to rigorously control its internal expenditure. Members are advised that WKCDA is devising an overall strategy for and plans on raising funds through, among others, seeking donations and sponsorship through naming rights. In view of the great public concern about the cost of the WKCD project and at the request of the Joint Subcommittee, the Administration and WKCDA has undertaken to present annual updates to Members on the project's overall financial situation.

Proposed extension of period of work

13. Rule 26(c) of the House Rules provides that a subcommittee should complete its work within 12 months of its commencement and report to the relevant Panel(s). If it is necessary for a subcommittee to work beyond 12 months, it should, after obtaining the endorsement of the relevant Panel(s), report to the House Committee and give justifications for an extension of the period of work. In accordance with the said House Rule, approval was previously given by the House Committee at its meeting on 31 October 2014 for the Joint Subcommittee to further extend the period of its work until 30 September 2015.

14. Given its monitoring role, the work of the Joint Subcommittee ties in with the progress of the Administration and WKCDA in taking forward the implementation of the WKCD project. Having regard to the major issues which need to be followed up by the Joint Subcommittee as set out in paragraphs 4 to 12 above, members may wish to consider the need for the Joint Subcommittee to continue to work in the 2015-2016 session.

Advice sought

15. Members' views are sought on whether the Joint Subcommittee should seek for an extension of its work in the 2015-2016 session. Subject to members' views and the endorsement of the Panel on Home Affairs and the Panel on Development, a report will be made to the House Committee for seeking its approval of the proposal.

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