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Paper for the Panel on Development and Panel on Home Affairs

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

Purpose

This paper reports on the work of the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee") since the 2016-2017 legislative session.

Background

2. The 40-hectare ("ha") West Kowloon Cultural District ("WKCD") is planned to be developed into an integrated arts and cultural district to meet the long-term infrastructural and development needs of the arts and cultural sector in Hong Kong. On 4 July 2008, the Finance Committee ("FC") approved the provision of a one-off upfront endowment of \$21.6 billion (in 2008 Net Present Value)¹ to the West Kowloon Cultural District Authority ("WKCDA")² to implement the WKCD project.³

¹ The funding proposal is in [PWSC\(2008-09\)31](#) (enclosure 3 to [FCR\(2008-09\)35](#)). The upfront endowment was intended to cover the capital costs of the WKCD project, with broad breakdown as follows: (a) design and construction of various facilities (\$15.7 billion or 73%); (b) major repair and renovation of various facilities (\$2.9 billion or 13%); (c) collection costs and related costs for M+ (\$1.7 billion or 8%); and (d) planning of WKCD and project management (\$1.3 billion or 6%).

² WKCDA was established under the West Kowloon Cultural District Authority Ordinance (Cap. 601).

³ On 2 April 2020, the Government executed the Land Grant to confer upon WKCDA a land title for the development and operation of WKCD.

3. After conducting a three-stage public engagement exercise, WKCDA selected in March 2011 the "City Park" conceptual plan prepared by Foster + Partners ("F+P") as the preferred option for developing into a Development Plan ("DP") for WKCD.⁴ According to the DP, a balanced development mix will be adopted for WKCD, comprising arts and cultural facilities ("ACF") (35% to 40% of total gross floor area ("GFA")); retail/dining/entertainment ("RDE") uses (15% to 20% of total GFA); hotel/office uses (20% to 25% of total GFA); residential uses (not more than 20% of total GFA); and Government, institution or community uses (not less than 1% of total GFA). Besides, a total of 23 ha of public open space, inclusive of a waterfront promenade, will be provided in WKCD to meet the requirement stipulated in the DP. As an integral component of the "City Park" concept, an integrated basement ("IB") will be developed to enable all vehicular traffic, parking and loading/unloading facilities to be put underground in order to free up space for arts and cultural use and create a pedestrian-friendly environment at the ground level. The DP also examines the connection of WKCD with the neighbouring areas.

4. In June 2013, the Government and WKCDA announced that in view of the additional features proposed in F+P's design such as a large IB, and the significant escalation of construction costs, a pragmatic approach would be adopted to implement the WKCD project along the following principles: (a) rigorous cost containment of individual facilities to a level as close to the recommendations of the Consultative Committee on the Core Arts and Cultural Facilities of WKCD⁵ as possible; (b) emphasis on the content rather than the form of these facilities; and (c) early delivery of the waterfront park and some ACF for public enjoyment.

5. Under the latest implementation approach adopted by WKCDA, the core arts and cultural facilities ("CACF") in WKCD are delivered in three batches. A schematic plan of major WKCD facilities and a table showing their batching, status and target completion dates are in **Appendices I and II** respectively. The first major performing arts venue in operation is the Xiqu

⁴ The DP was approved by the Chief Executive ("CE")-in-Council in January 2013. The approved DP, including the Notes and the Explanatory Statement, is given in Annex to [LC Paper No. CB\(2\)/658/12-13\(01\)](#).

⁵ The Consultative Committee on the Core Arts and Cultural Facilities of WKCD was appointed by the then CE in April 2006 to re-examine and re-confirm, if appropriate, the need for the core arts and cultural facilities in WKCD as well as the financial implications of developing and operating such facilities. The Consultative Committee submitted a [recommendation report](#) to the then CE in June 2007.

Centre officially opened in January 2019. Other venues opened so far are the Nursery Park (in July 2015), M+ Pavilion (in July 2016), Art Park (in phases since early 2018), and Freespace (in June 2019).

The Joint Subcommittee

6. The Joint Subcommittee was appointed by the Panel on Development ("DEV Panel") and the Panel on Home Affairs ("HA Panel") in November 2016 to monitor the implementation of the WKCD project. Its terms of reference and membership are set out in **Appendices III and IV** respectively. Pursuant to Rule 26(c) of the House Rules, the Joint Subcommittee was given permission by the House Committee for continuation of its work in the 2017-2018, 2018-2019 and 2019-2020 sessions at the House Committee meetings on 7 July 2017, 6 July 2018 and 11 October 2019 respectively.

7. Under the chairmanship of Hon LAU Kwok-fan (in 2016-2017 and 2017-2018 sessions) and Hon Jeffrey LAM (in 2018-2019 and 2019-2020 sessions), the Joint Subcommittee held a total of 21 meetings and conducted three site visits to understand the development progress of WKCD.

Deliberations of the Joint Subcommittee

8. The Joint Subcommittee has followed up the recommendations of the former Joint Subcommittee formed in the Fifth Legislative Council ("LegCo")⁶ and has focused its work on the following areas:

- (I) the taking forward of the DP for WKCD;
- (II) planning and development of CACF and other associated facilities;
- (III) strategy for the development of cultural software;
- (IV) financial management and procurement procedures; and
- (V) governance and work of WKCDA.

⁶ For the recommendations of the former Joint Subcommittee, please refer to its report ([LC Paper No. CB\(2\)1905/15-16](#)).

Area I. The taking forward of the Development Plan for WKCD

Implementation of the integrated basement

9. The Joint Subcommittee has closely monitored the phased development of IB, which is divided into Zones 2A, 2B and 2C (collectively as "IBZ2"), 3A and 3B. A zoning plan and an overview of the funding submissions for the implementation of IB and the scope of works by stages are given in **Appendices V** and **VI** respectively.

10. The Government has fully funded the capital works of the main IB as general enabling works to facilitate the development of the WKCD project. The Joint Subcommittee has considered the funding proposals for the implementation of the third stage and remaining works of IB. While members in general support the funding proposals, some members have questioned the increase in the cost estimate for the whole IB project from about \$23 billion in 2014⁷ to about \$23.5 billion in 2019 in total. Noting that the Administration has entrusted the third stage and remaining construction works of IB to WKCDA in order to enable the concurrent implementation of topside developments such as Lyric Theatre Complex ("LTC") and other WKCDA's facilities, members have asked about WKCDA's measures to ensure works quality and avoid overspending.

11. The Administration has advised that the rough cost estimate of around \$23 billion for the main IB and the associated public infrastructure works ("PIW") derived in mid-2013 was based on WKCDA's preliminary basement layout plans/site investigation results and the assumption that the construction of the whole IB would be completed in one go by 2020, and the total cost estimate for the IB project has then been revised to about \$23.5 billion based on the latest design and the general building plans approved by the Buildings Department ("BD"). To ensure proper cost control, WKCDA has taken multiple layers of verification, such as completing the detailed design and engaging independent quantity surveyors to make cost estimates before submitting the relevant funding proposals to LegCo. Besides, the Civil Engineering and Development Department has verified the cost estimates with the assistance of an independent consultant appointed to monitor the construction works entrusted to WKCDA.

12. On the progress of the phased development of IB, the Joint Subcommittee notes that WKCDA aims at completing IBZ2 in phases starting

⁷ Source: The Administration's paper ([LC Paper No. CB\(2\)1591/13-14\(03\)](#)) submitted to the former Joint Subcommittee at its meeting on 28 May 2014.

from 2025 with the topside hotel/office/residential ("HOR") development to follow suit. IBZ2 is the largest basement section (about 200 000 square metres ("sq m")) in between the Xiqu Centre and LTC supporting the remaining Batch 3 ACF, RDE facilities and HOR development atop. Given that the completion of IBZ2 and the topside development is crucial for the financial sustainability of WKCD, members have urged WKCDA to closely monitor the works to ensure timely delivery, and regularly report to LegCo about the expenditure position and progress of the IB project and the topside development projects to give early alert of any potential overspending and project delay.

13. On the management of IB, members note that except for the underground road ("UR") and associated works in IB which are public facilities owned and maintained by the Government, WKCDA is responsible for the operation and maintenance expenses for IB, including the carparks therein to be developed by WKCDA. Regarding members' concern about the contingency plan to deal with disasters or emergency in IB, WKCDA has advised that, as for all WKCD facilities, IB is designed to fully comply with the Code of Practice for Fire Safety in Buildings and all relevant fire safety standards, and in the event of emergency, a management team will be deployed to assist in crowd evacuation and rescue work.

Implementation of public infrastructure works

14. The Joint Subcommittee has followed up on the progress of the provision of PIW, such as roads, bridges, drainage, fire station, public pier and other ancillary facilities, by the Administration to support the whole WKCD.

Three construction packages of phase 1 of public infrastructure works

15. Members note that the first construction package of PIW, including Museum Drive, which is the main access to the western part of WKCD, two lay-bys at Austin Road West and other associated drainage, sewage and water supply systems, was substantially completed by end of 2018.⁸

16. On 21 April 2017, the Joint Subcommittee considered a funding proposal for carrying out the second construction package of phase 1 of PIW of WKCD, including the construction of the main section of the Artist Square

⁸ The funding proposals ([PWSC\(2012-13\)43](#) in [FCR\(2012-13\)64](#); and [PWSC\(2015-16\)31](#) in [FCR\(2015-16\)29](#)) for the design, site investigation and first construction package of phase 1 of PIW of WKCD with estimated costs at \$478 million and \$840.5 million (both in MOD prices) were approved by FC in January 2013 and July 2015 respectively.

Bridge ("ASB"),⁹ the Austin Road Pedestrian Linkage System ("APLS"), beautifications works for the existing subway across the junction of Austin Road West and Canton Road, associated road works, etc.

17. Members generally welcome the construction of APLS to address the future pedestrian demand by providing a direct connection between MTR Austin Station and the Xiqu Centre and the beautification of the existing pedestrian subway.¹⁰ They note that WKCD and the MTR Corporation Limited ("MTRCL") will be jointly responsible for the management, operation and maintenance of APLS. Noting that the opening hours of APLS will tally with that of the MTR Austin Station (i.e. 5:47 a.m. to 12:56 midnight), members consider it necessary that the existing pedestrian subway should remain open for public use 24 hours a day. The whole pedestrian link is expected to open in Q4 of 2020.

18. As regards the proposed ASB, members have expressed serious concern about the original estimated construction cost at about \$350 million (in September 2016 prices), and have suggested alternatives, such as an underground pedestrian walkway. Given that ASB will improve the connection between WKCD and a large shopping mall nearby, some members have asked the Administration to explore a public-private partnership ("PPP") approach in developing ASB. The Administration has explained that the high construction cost is attributable to various technical difficulties and site constraints, and has undertaken to review the ASB project with WKCD.

19. At the meeting on 11 May 2018, the Administration consulted the Joint Subcommittee on the revised design and funding proposal of ASB under the third construction package of PIW for WKCD. According to the revised design, the total length of ASB has been reduced to 94 metres and its landing location has been shifted from the central area to the northern side of the Artist Square. ASB will be constructed in one go instead of by phases in order to reduce the number of support piers. The new estimated construction cost is about \$280 million in money-of-the-day ("MOD") prices (equivalent to about \$230 million in September 2016 prices), which is about 70% of that based on the original design.

⁹ ASB spans across Austin Road West and links up the existing developments above the MTR Kowloon Station and the Artist Square Development Area, at which M+ Building, LTC, public open spaces and some hotel/office/residential developments will be situated.

¹⁰ The funding proposal (PWSC(2017-18)27 in FCR(2017-18)68) was approved by FC on 27 April 2018.

20. Members in general welcome the new simplified design of the proposed ASB, but a member has expressed disappointment about the featureless design. In response, the Administration has undertaken to work with WKCDA to improve the new design, such as installing decorative lighting system and ancillary provisions for art installations in order to add an artistic touch to ASB. The Joint Subcommittee eventually supports the funding proposal for ASB,¹¹ and notes that the construction of ASB is scheduled to commence in first half of 2020 with a target to complete in 2022.

Relocation of supporting operational facilities of Tsim Sha Tsui Fire Station Complex, Fire Services Club and other Fire Services accommodations

21. Under the WKCD DP, there will be a vehicle-free tree-lined Avenue stretching west from Canton Road above IB, linking up with the Xiqu Square, the Central Square and the Artist Square. The site for the eastern entrance of the Avenue has been occupied by the workshop blocks of the existing Tsim Sha Tsui Fire Station Complex ("TSTFSC"). To facilitate the development of WKCD, the Administration has planned to relocate TSTFSC in three phases. The first phase was completed in 2018. The Joint Subcommittee has examined the funding proposal for the second phase relocation of supporting operational facilities of TSTFSC, Fire Services Club and other Fire Services accommodations to To Wah Road, Kowloon.¹²

22. Members are aware that the ultimate vacation of the TSTFSC site is necessary for the provision of sufficient public open space within WKCD as required in the DP, but they are very concerned about the identification of a suitable site for the relocation of the operational facilities of TSTFSC in the last phase. Members note that in identifying a suitable relocation site, it is necessary to ensure by computer modeling that the fire appliances at the new location can reach the built-up areas of Tsim Sha Tsui, including the vicinity of the Hong Kong Cultural Centre, to respond to emergency fire calls within the graded response time of six minutes (including four minutes' road travelling time). Members have urged the Administration not to relocate the operational facilities of TSTFSC before finding a suitable site outside WKCD to ensure public safety, and WKCDA has agreed not to set any specific timetable for the relocation.

¹¹ The funding proposal ([FCR\(2019-20\)38](#)) was approved by FC on 20 March 2020.

¹² The funding proposal [PWSC\(2018-19\)46](#) in [FCR\(2019-20\)38](#) was approved by FC on 20 March 2020.

Connectivity with neighbouring areas, accessibility within the District and provision of parking spaces

23. Connectivity and accessibility are two of the seven key planning and design principles of the WKCD DP. Members have called on the Administration and WKCDA to ensure that the planned transport and pedestrian infrastructures for WKCD and the road improvement works for the West Kowloon Reclamation Development area will be completed in good time and public transport services will be available to cope with the increasing traffic demand. Members have also urged the Administration to facilitate marine access to WKCD.

24. According to WKCDA in April 2020, there are some 30 franchised bus and minibus routes providing convenient reach to WKCD. Based on the results of the West Kowloon Reclamation Development Traffic Study ("the Traffic Study") completed by the Transport Department ("TD") in 2009, a number of transport infrastructure projects have been carried out or are underway, including junction improvement works at Canton Road, and a consultancy study to design a new vehicular exit road connecting the West Kowloon Highway ("WKH") through the Museum Drive. Moreover, a road linkage between WKH and Canton Road through WKCD can be provided after the completion of UR in around 2027/2028 and the ultimate relocation of TSTFSC. With a view to making WKCD a water transport gateway, TD plans to introduce the "Central-Hung Hom" ferry route and "water taxi" services in the first half and Q4 of 2020 respectively at the earliest, and provide in the long term marine landing facilities at the southern waterfront of WKCD, near M+ and at the northern end of WKCD adjacent to the Art, Commerce and Exhibitions ("ACE") site.

25. Given that there are still many construction sites within WKCD, members are concerned that it is not easy for visitors to navigate within WKCD. Members have also followed up on the operation of the SmartBike, a bike sharing programme launched in WKCD since 2014,¹³ as well as the outcome and way forward of the trial operation of an Electric Autonomous Vehicle ("EAV") at the Nursery Park started in 2017.

26. According to the Administration, the connectivity of the District will be much improved following the completion of ASB in future. In the long term, electric buses will operate on the carriageway within UR with stops at locations convenient for external transport links. Regarding SmartBike, the

¹³ SmartBike is operated by the Tung Wah Group of Hospitals BiciLine Cycling Ecotourism Social Enterprise.

bicycle route covers the Art Park and the waterfront promenade, with about 50 bikes available for use by visitors as of April 2020. Besides, the trial operation of EAV is welcomed by the participants, and will continue to operate in 2020 for seven days a week, except on event days. The current EAV trial route has extended to around 3.0 kilometres in length (about 30 minutes ride), serving the entire Art Park with stops at all major venues and visiting points. If the trial proves to be successful and as the technology matures, WKCDA will consider further testing on the newly completed Museum Drive and UR, subject to the approval by relevant government departments.

27. Members have also expressed concern over the provision of sufficient car parking spaces and lay-bys for coaches in WKCD. Members have suggested reducing the parking fees, or offering free parking to patrons of restaurants within the District to encourage visitors to use the parking spaces and not to park illegally. According to WKCDA, 2 300 parking spaces, including 43 coach parking spaces, will be provided progressively across WKCD. Concessionary parking fee at \$60 per day has been offered to attract visitors, who may also enjoy free parking if dine at restaurants in WKCD. WKCDA together with relevant government departments have taken action against illegal parking in WKCD and will continue to do so. Looking ahead, WKCDA will closely monitor the actual parking demand and review the provision of parking facilities in WKCD, including that for coaches, as and when necessary.

Area II. Planning and development of core arts and cultural facilities and other associated facilities

Development of core arts and cultural facilities in batches

28. The Joint Subcommittee has continued to closely monitor the work of WKCDA in the delivery of CACF in WKCD. At members' request, WKCDA has provided a Gantt Chart¹⁴ on the development programme of different projects at WKCD to facilitate members' monitoring of the progress.

29. Members note with grave concern that the portion of the upfront endowment for the design and construction of facilities (i.e. \$15.7 billion) plus the apportioned interest income (i.e. \$5.5 billion as at the end of the 2019-2020 financial year) will only be sufficient to cover the Batch 1 and most of the

¹⁴ The Gantt Chart was issued vide [LC Paper No. CB\(1\)704/19-20\(01\)](#) on 2 June 2020.

Batch 2 facilities,¹⁵ while the implementation of the Batch 3 facilities, which include the Music Centre, the Musical Theatre, the Great Theatre, and the Medium Theatre I, will be subject to funding availability. Members are deeply concerned about the absence of a concrete timetable for the delivery of the Batch 3 facilities, and have repeatedly urged WKCDA to give an account of whether and how Batch 3 facilities can be implemented. In view of the shortage problem of local performing arts venues, some members have asked about the feasibility of providing additional funding or loans by the Government to WKCDA, or resuming some of the sites in WKCD for developing performing arts venues by the Leisure and Cultural Services Department ("LCSD").

30. The Administration has assured members that it has never given up the development of Batch 3 facilities, yet, it is not in line with the Government's policy intent to invariably meet the funding requests from WKCDA. The Administration also considers it not conducive to the integrated development of WKCD if part of the District is resumed for development by LCSD. Under the Enhanced Financial Arrangement ("EFA"), to tide over the interim deficit and bridge the funding gap, WKCDA will explore various financing options pursuant to the West Kowloon Cultural District Authority Ordinance (Cap. 601) ("WKCDAO"). The implementation programme of Batch 3 facilities would be subject to the availability of funding. Meanwhile, WKCDA has been exploring PPP options and private sector involvement for some of the venues with commercial elements (such as the Exhibition Centre ("EC") and the Musical Theatre). WKCDA will consider the development of the remaining facilities having regard to the demand in line with the organic growth approach of WKCD and subject to funding, with priority given to the delivery of the Music Centre to address the performance needs of the music community.

31. Given that some WKCD sites were temporarily occupied by MTRCL as works areas for the Hong Kong Section ("HKS") of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") project,¹⁶ members have raised concerns about the impact of the delay in the XRL project on the on-going development of Batch 1 facilities, and if this has necessitated the reconfiguration of the Lyric Theatre and its incorporation with

¹⁵ According to WKCDA in May 2020, based on the latest estimates in 2020-2021, the capital project costs to build Batch 1 and most of Batch 2 and related facilities and other arts and cultural facilities, are estimated to be \$21.2 billion.

¹⁶ The construction works for HKS of XRL commenced in end January 2010, and the new rail link has commenced operation since 23 September 2018.

the Medium Theatre II ("MTII") and one of the black box theatres of the Centre for Contemporary Performance ("CCP") (all being Batch 2 facilities) to form LTC.

32. The Administration and WKCDA have advised that part of the construction sites occupied by MTRCL have been returned progressively from December 2017 onwards. Yet, the deferred possession of the sites has extended the development timeframe of WKCD, partly resulting in a prolonged mismatch in the timing of cashflows, and thus cashflow problems for WKCDA. Regarding the reconfiguration relating to LTC, the objective is to deliver as many CACF as possible within the budget and planning constraints, and major performing arts groups have raised no objection to the reconfiguration.

The Hong Kong Palace Museum

33. On 23 December 2016, WKCDA announced the signing of a Memorandum of Understanding of Cooperation ("MOU") between WKCDA and the Palace Museum in Beijing to launch a new museum in WKCD with long-term loans from the Palace Museum.¹⁷ Under this special arrangement, the Hong Kong Palace Museum ("HKPM") will be established by WKCDA as a new focal point of WKCD for displaying the visual culture of historical Chinese art from the imperial courts. The Hong Kong Jockey Club Charities Trust has agreed to donate \$3.5 billion to fund the capital cost of the project. With this donation, no public funds would be incurred for the HKPM project.

34. The Administration and WKCDA briefed the House Committee on 6 January 2017 on the process and considerations leading to the signing of the MOU. Noting with concern that the indicative location of a site for HKPM is part of the site reserved for the co-located Mega Performance Venue ("MPV")¹⁸ and EC, Members have queried if WKCDA's decision not to pursue the development of MPV is related to the HKPM project.

¹⁷ A copy of the MOU (Chinese version only) is in Annex B to [LC Paper No. CB\(2\)544/16-17\(01\)](#).

¹⁸ MPV, with over 15 000 seats, was one of the 17 CACF proposed in the DP for WKCD. In September 2016, the WKCDA Board came to the view that the original proposal to build an MPV in WKCD was no longer a suitable proposition, after thorough discussions on the latest developments, including the increasing use of alternative venues for performances, the development of the Kai Tak Sports Park which is suitable for mega performances, and the retention of the Hong Kong Coliseum for sports and performances.

35. WKCDA has explained that it has taken into account all relevant factors, particularly business viability, the market environment and technical merits, when deciding not to proceed with MPV. Even without HKPM, part of the MPV/EC site will still be made available for alternative uses. Also, HKPM will only take up 10 000 sq m of the site, and around 28 000 sq m will still be available for the development of a multi-purpose venue for exhibition, convention and performance purposes. At the request of some members, WKCDA has provided redacted copies of four consultancy study reports relating the review of the development of MPV and EC to LegCo Members under confidential arrangements.

36. From 11 January to 8 March 2017, WKCDA conducted a public consultation exercise and exhibition on the design, programming and learning and interpretation opportunities of the HKPM project. The Joint Subcommittee was briefed on the outcome of the public consultation exercise in May 2017.

37. The public consultation exercise was originally planned to last from 11 January to 22 February 2017, and was later extended for two weeks to 8 March 2017. 41.2% of the respondents were supportive of the HKPM project, while 34.9% were not. A public opinion poll was conducted from 28 February to 7 March 2017. 52% of the respondents were supportive and 14.7% were not. Some members have queried whether WKCDA has extended the consultation period to facilitate the conduct of an opinion poll to soften the unfavourable feedback received via paper and online questionnaires. WKCDA has explained that it has intended to conduct a public opinion poll as part of the consultation exercise from the start, and has scheduled the poll to the later part of the consultation period so that the public will have adequate time to understand the project before giving views.

38. On 29 June 2017, WKCDA signed a Collaborative Agreement with the Palace Museum on the development of HKPM,¹⁹ which set out the major principles of collaboration, including the overall roles and responsibilities of WKCDA and the Palace Museum in the HKPM project, the governance structure of HKPM, the funding arrangement as well as the general framework for loans of collections and other operational matters. Subsequently in September 2017, WKCDA Board approved the scheme design of HKPM by Rocco Design Architects Limited ("RDA Ltd"), and conducted public engagement from October to November 2017 to update the public on the

¹⁹ A copy of the Agreement (Chinese version only) is in [LC Paper No. CB\(1\)1243/16-17\(01\)](#).

progress of the design of HKPM. In March 2019, WKCDA awarded the HKPM main works contract, at the value between \$2.1 billion and \$2.2 billion, to China State Construction Engineering (Hong Kong) Limited ("CSCE"). In June 2020, the Joint Subcommittee was informed that despite the impact of the coronavirus disease-2019 ("COVID-19") pandemic in early 2020 on the ongoing construction projects in WKCD, HKPM was expected to obtain Occupation Permit ("OP") in mid-2021 as scheduled to meet the target opening in mid-2022.

39. Members are concerned about WKCDA's efforts in raising public awareness on HKPM and its collections, as well as the future partnership among HKPM, Palace Museum, and LCSD. WKCDA has advised that it has been taking forward relevant exhibition planning, audience building, promotional and education programmes, etc., and will organize pre-opening programmes including a large-scale exhibition in 2021. HKPM, upon completion, will become the main venue for exhibiting the collections of the Palace Museum. Meanwhile, WKCDA will study suitable directions for co-operation among HKPM, Palace Museum and LCSD in future.

40. Members note that the exhibition area in HKPM will be divided into nine galleries with two types of exhibition: seven galleries are set for thematic exhibitions (duration: two years or longer) and two for special exhibitions (duration: three to six months), and discussion with the Palace Museum to confirm the key themes and loans of the opening exhibitions is in progress. Regarding WKCDA's plan to showcase around 800 items from the Palace Museum in HKPM at any one time, members have asked about the loan fees and costs, and the security measures to be put in place to protect the treasures. Members have also enquired about the operating cost of HKPM upon its opening and the cost recovery rate from various income sources, such as admission fees, if any, and the RDE facilities in HKPM, etc., as well as plans for seeking sponsorships, such as making available some parts for naming, with a view to supporting HKPM's operations.

41. WKCDA has advised that HKPM has been liaising with the Palace Museum on the loan arrangements for its items, including the loan fees and costs (such as cost of insurance). Members are assured that WKCDA has put in place vigorous security measures for its museums including HKPM, essentially through enhanced security features in the building design, recruitment of inhouse professional security staff and engagement of specialist security services, to ensure a high level of security which has to be certified by the Palace Museum as up to standard. WKCDA has also maintained close contact with the Police in the security arrangements.

42. WKCDA has indicated that estimation on the operating cost of HKPM is being made, and it is positive towards achieving a cost recovery of around 20% to 30%. HKPM will likely charge an admission fee. It also has planned to seek sponsorships, but the relevant work has recently been affected by the COVID-19 pandemic. Currently, HKPM is focusing on the preparations for its commissioning in about two years' time. It will report to LegCo on the relevant operation details in due course.

Xiqu Centre

43. The Xiqu Centre is designed to be a world-class platform for the conservation, promotion and development of Cantonese opera and other genres of xiqu (Chinese traditional theatre). With a total area of around 28 000 sq m, the Centre provides facilities for performances, notably a 1 065-seat Grand Theatre and a 244-seat Tea House Theatre; rehearsal and training spaces; arts education facilities; RDE facilities; public open spaces and associated facilities.

44. Regarding the preparation for the opening of the Xiqu Centre, members have requested WKCDA to put in place proper ticketing arrangements and measures to prevent ticket scalping, and implement effective traffic arrangements and crowd control plan. Members have also followed up whether the utilization rate of the venues of the Xiqu Centre has been satisfactory after its opening.

45. WKCDA has advised that in anticipation of the significant demand for the tickets of *The Reincarnation of Red Plum*, a classic Cantonese opera presented after the official opening ceremony of the Xiqu Centre, WKCDA has introduced a one-off arrangement to allocate tickets to the public by balloting. The successful applicants have to collect the tickets in person at the Xiqu Centre ticket office for identity verification. For other programmes, WKCDA will encourage the programme organizers to make available most of the tickets for sale through the online ticketing system²⁰ to enable local audiences and those from other places outside Hong Kong to buy tickets. WKCDA has taken various measures to ensure the smooth opening of the Xiqu Centre, including crowd control planning, deployment of sufficient manpower and cooperation with the Police, etc.

²⁰ WKCDA runs an in-house ticketing system, which has been in operation since November 2018. Customers can purchase tickets of programmes showing at WKCD venues through various platforms including online, by phone, at WKCD venues, the Hong Kong Academy for Performing Arts and designated Tom Lee Music stores.

46. The Joint Subcommittee notes from WKCDA that the utilization rate of the Xiqu Centre after the three-month Opening Season is encouraging. The utilization rate of its Grand Theatre from May 2019 to the end of March 2020 is 84%, 24% of which are WKCDA production/presentations and 76% are hirer programmes. 92% of the performances or bookings are related to xiqu, while 6% are related to multi-arts and 2% to theatre.

47. Members have also enquired about the initiatives that WKCDA will take to preserve and facilitate public access to archives of the Cantonese opera. WKCDA has advised that it has been in discussion with the xiqu industry to explore methods to help preserve and reinvent the archives of xiqu and the Cantonese opera. WKCDA will initiate the Cantonese Opera Script Archive which will strategically collect scripts of different periods with a view to establishing a comprehensive database on Cantonese opera scripts. It is planned that an online script database will be developed. On some members' suggestions on using the Cantonese Romanization system, instead of Putonghua pinyin (such as in *The Immortal Zhang Yuqiao*), to transliterate the titles of Cantonese opera performances with a view to preserving the Lingnan culture, WKCDA has advised that different translation approaches have been adopted, and the Cantonese Romanization system will be used as appropriate.

M+

48. M+ is planned to be a new museum for visual culture focusing on 20th and 21st century visual culture from a Hong Kong perspective, the perspective of now and with a global vision. The M+ construction project comprises five key elements, namely: the M+ Building, Conservation and Storage Facility ("CSF"), the WKCDA Tower – a 16-storey building with RDE and other ACF, an interfacing car park adjacent to the M+ Building, and some related PIW.

49. The main works of the M+ project started in Q4 of 2015. The main works contract, at a value of \$5.944 billion, was awarded to Hsin Chong Construction Company Limited ("HCC") in September 2015 after a selective tendering process. In February 2017, the Joint Subcommittee was informed by WKCDA that the construction works for the M+ Building and CSF were behind schedule by 19 weeks. In February 2018, WKCDA indicated that the M+ Building was targeted for completion in 2019 with opening a year later.

50. In July 2018, some media reports revealed that WKCDA had paid the subcontractors of HCC directly in respect of the works for the M+ project since February 2017. In response to members' grave concerns over the related issues, WKCDA informed the Joint Subcommittee on 17 August 2018

about the decision made by WKCDA Board at its meeting on 16 August 2018 to terminate HCC's employment under the M+ main works contract.

51. Members have questioned about the decisions made and actions taken by the WKCDA Board since it had been aware of the financial difficulties of HCC and its parent company (i.e. Hsin Chong Group Holdings Limited).²¹ Some members are disappointed that WKCDA acts in hindsight to terminate HCC's employment under the M+ main works contract. Members are also very concerned about the impact of the contract termination and associated disputes on the development progress and project costs of M+.

52. WKCDA has later informed the Joint Subcommittee about the appointment of Gammon Construction Limited, by a restricted tender, as the new management contractor ("MC") in September 2018 to oversee the M+ project, and the resumption of works at the M+ site on 21 September 2018. According to WKCDA, the outturn cost to complete the M+ project is anticipated to be higher than the original contract sum of \$5.944 billion largely because of the delays caused by HCC and its termination, and the costs expended since the termination of HCC are expected to be in excess of \$400 million. Members have called on WKCDA to report the final cost to LegCo when it is determined after the expiry of the one-year defects liability period following the practical completion of the project.

53. Members note that as of 1 June 2020, the main contract works undertaken by the new MC and novated trade contractors is close to completion, and the site is undergoing statutory inspections. Unfortunately, the COVID-19 pandemic has had an impact on the progress of the project, mainly due to the delays in delivery of key construction materials and closure of supply chain in the Mainland in early 2020. According to the latest schedule, the M+ Building and WKCDA Tower are targeted to secure OP in July and August 2020 respectively, with opening of the museum nine to 12 months later in mid-2021.

54. Members note that the exhibition area in M+ will be divided into 33 galleries. Members hope that the current percentage of Hong Kong works and items of about 20% to 28% in the collections can be further increased. With \$1.2 billion tranche of funds earmarked for collection acquisition of M+, members have urged WKCDA to exercise caution in selecting and acquiring

²¹ The trading in the ordinary shares and debt securities of the Hsin Chong Group Holdings Limited was suspended on 3 April 2017.

artworks, as the prices of M+ acquisitions will be used in the art market to influence the prices of artworks.

55. WKCDA has stressed that the M+ Collection will be deeply rooted in Hong Kong. M+ will also acquire artworks from South and Southeast Asia to enhance its Asia perspective. In expanding its acquisitions, all proposed acquisitions (both purchases and donations) will be carefully reviewed in accordance with the strategy and acquisition criteria laid down under the M+ acquisition policy, and have to be approved by different tiers of authority according to the value of the artworks.

Lyric Theatre Complex

56. According to WKCDA's plan, LTC will be developed to be a centre of excellence showcasing the best of Hong Kong and international dance and theatre productions. Located above Zone 3B of IB, LTC includes a 1 450-seat Lyric Theatre, a 600-seat Medium Theatre, a 270-seat Studio Theatre, a Resident Company Centre ("RCC"), as well as RDE facilities.

57. Members have enquired about the adequacy of rehearsal space in LTC or other facilities to cater for the rehearsal needs of the dance, musical and theatrical sectors. WKCDA has advised that an RCC will be housed within LTC to provide a full range of professional rehearsal, communal and supporting facilities including eight dance rehearsal studios and a rehearsal hall. Noting members' suggestion of appointing the resident companies of LTC on a rotation basis to give opportunity for budding art groups to take on a residency role, WKCDA has advised that it will solicit views from the art community to draw up a residency arrangement most suitable for LTC. Tentatively, long-term residency with an opt-out arrangement will be offered.

58. For the implementation of the LTC project, the Joint Subcommittee notes that it is split into two works contracts, namely L1 for the excavation and essential basement structure and L2 for the superstructure of the facility and part of UR. The L1 works contract commenced in January 2018 and is due to complete in 2020 but has been delayed; and the L2 works contract commenced in November 2018 and is due to be completed in 2023 for opening in 2024.

59. In July 2019, members noted with serious concern about a flooding incident occurred at the construction site of L1 works contract for LTC and the Extended Basement in WKCD in the early morning of 25 July 2019 resulting in a shallow sinkhole of around 25 metres in diameter adjacent to the site. Members have urged WKCDA to give an account on the incident, the

remedial and enhancement measures taken, and the impact of incident on the construction works of LTC and the Extended Basement. According to WKCD, the water leakage was brought under control by grouting works and stopped the same morning. An additional clutch-pipe-pile vertical steel barrier system was installed to strengthen the water cut-off performance of the cofferdam. The flooding incident had not caused any safety issues or injuries or any impact on the construction works, and the works at L1 site fully resumed on 17 January 2020. At members' request, a copy of the full and final investigation report of the flooding incident²² has been provided by WKCD and kept at the LegCo Library for Members' restricted reference.

60. At a site visit to WKCD conducted by the Joint Subcommittee on 13 January 2020, members visited the LTC construction site to better understand remedial measures taken after the flooding incident.

Art Park and Freespace

61. The Joint Subcommittee has followed up on the phased delivery of the Art Park, which has been fully completed after the opening of the final phase including Freespace and the Outdoor Stage in June 2019 and the M+ Lawn next to M+ by the end of 2019.

62. Members have asked about the criteria for the selection of suitable tree species for and planting locations in the Art Park, having regard to its windy and exposed location and the impact of strong typhoons. WKCD has advised that the planting scheme of the Art Park was designed by park consultants and tree specialists. As at the end of February 2019, over 2 000 trees were planted there, among which around 50% are native tree species and over 20% are naturalized tree species that fit with the local climate, whilst exotic species are limited to below 30%.

63. Noting that WKCD has started to test the suitability of the Art Park site for vine growth with a view to investigating the possibility of installing a waterfront vineyard in WKCD, members have raised concern that Hong Kong's climate conditions are unsuitable for grape growing and asked for details of this plan. WKCD has indicated that with advice sought from domaine owners in Bourgogne, France, WKCD will test out vines of a few grape varieties at the possible vineyard location identified in the Art Park near to the harbour and monitor their adaptation to the terroir at West Kowloon.

²² LC Paper No. CB(1)625/19-20(02)

64. Some members consider that WKCDA should enhance pedestrian accessibility to and within the Art Park and make available sufficient emergency accesses in its different parts. Emphasizing that accessibility had all along been one of the key planning and design principles underpinning the WKCD project, WKCDA has indicated that the concept design for the Art Park will enable provision of appropriate forms of transport for, among others, people who are mobility-challenged to get to every part of the Art Park.

Area III. Strategy for the development of cultural software

65. Under section 4(2) of WKCDAO, WKCDA is required to perform its functions in ways which aim to achieve various objectives including, among others, cultivating and nurturing local talents in the arts (including local artists), local arts groups and arts-related personnel; encouraging wider participation by the local community in arts and culture; and promoting and providing arts education to the local community.

66. The Joint Subcommittee has stressed that nurturing of audience is pivotal to the success of the WKCD project and both the Administration and WKCDA should attach great importance to developing cultural software by cultivating public interest and appreciation ability at the community level and schools. Members have urged WKCDA to allocate sufficient manpower resources to organize and promote arts and cultural education activities.

67. WKCDA has advised that it has a dedicated team of 16 staff members to implement arts education and promotion activities. In preparation for the commissioning of ACF in WKCD, WKCDA has been organizing a series of programmes to develop the capacity of the arts and cultural sector and groom arts talents, build audiences and engage the community and young people. Relevant initiatives include outreach programmes like the *M+ Rover: Travelling Creative Studio* for schools, public housing estates and community centres, teacher training workshops and learning packs, paid internships and docent volunteer programmes, talks/lectures/symposia for audience, etc.

68. Some members have discussed the delineation of responsibilities among WKCDA, the Administration and its collaborators (such as the Hong Kong Arts Development Council and the Hong Kong Academy for Performing Arts) in cultural software development. Some members consider that the Administration should play a leading role and allocate more resources for promoting cultural software development in Hong Kong. They have also called for closer collaboration between the Home Affairs Bureau ("HAB") and

WKCDA to re-align the existing public ACF to complement the WKCD project.

69. According to the Administration, there is a differentiation of roles between the Government and WKCDA in arts and cultural development. WKCDA places more emphasis on artistic merits with a view to staging world-class performances at WKCD venues, whereas the Government is committed to providing affordable cultural services for the wider community. In recent years, the funding allocation under HAB for implementing initiatives for enhancing cultural software development in Hong Kong has been increased. Such initiatives included subvention to arts organizations, and injection to arts development funds, etc.

70. Members have called on WKCDA to set key performance indicators ("KPIs")/specific targets (e.g. number of docents and interns to be recruited and number of training programmes to be organized for nurturing the local talents) to evaluate the effectiveness of the cultural software development programmes, and whether the implementation of these programmes could dovetail with the progress of the hardware development in WKCD. They have also urged WKCDA to cooperate more with local tertiary institutions in staff training and development for its museums.

Area IV. Financial management and procurement procedures

71. Members note with grave concern that WKCDA has been facing critical financial challenges in both capital and recurrent terms as a result of various unforeseeable developments and changes after the granting of an upfront endowment of \$21.6 billion to WKCDA in 2008.

The Enhanced Financial Arrangement

72. To provide WKCDA with the financial capability to operate various WKCD facilities sustainably and continue to develop the remaining planned facilities, the then Chief Executive announced in his 2017 Policy Address EFA for the WKCD project. The Administration and WKCDA briefed the Joint Subcommittee in February 2017 on EFA,²³ under which the Government has granted the development rights of the HOR portion of WKCD (involving 366 620 sq m of GFA) to WKCDA at nominal premium with upfront

²³ Details about EFA are given in the [LegCo Brief](#) (File Reference: SF(37) to HABCS CR 7/1/27/1) on the subject issued to Members on 19 January 2017.

payments to be paid to the Government as specified in the Project Agreement to be signed by both parties. Among this HOR GFA, a maximum of 81 066 sq m GFA of hotel and office are earmarked for joint development with EC as one package (branded as the ACE Project), for which upfront payment to the Government is not required.²⁴ WKCD will be allowed to develop the HOR facilities and ACE jointly with the private sector through open and competitive tenders and Build-Operate-Transfer ("BOT") arrangements, and share rental revenue from such facilities to sustain the operation of WKCD.

73. While some members are supportive of granting WKCD the development rights of the HOR portion so that it can share the rental revenue from such facilities to sustain the development and operation of WKCD, some members are worried that WKCD can then evade the monitoring of LegCo on its financial situation, amounting to making WKCD an "independent kingdom". There is also a concern whether the income to be shared from the development packages is sufficient to ensure that WKCD can be financially sustainable.

74. The Administration has explained that according to the financial assessment conducted by WKCD based on various assumptions, the recurrent income WKCD can share from the development packages during the BOT period will only mitigate the operating deficits. However, upon the expiry of the BOT agreements when the developments concerned will be reverted to WKCD, WKCD will have considerable cash inflow through capturing all of the net income from these developments for operating WKCD in a sustainable manner. In addition, a mechanism will be set up to give the Government the right to share with WKCD the income generated from the developments upon the expiry of the BOT agreements. With three directors of bureaux or their alternates serving as members of the WKCD Board, as well as other government officials attending meetings of various committees under WKCD, the Government will continue to monitor the financial situation of WKCD and oversee the implementation of the different facets of the WKCD project.

75. Noting that WKCD is working with financial advisors on its long-term financing strategy and exploring with the Government various financing options under EFA, members have urged WKCD to work out the long-term financing strategy as soon as practicable, and enquired whether additional financial support from the Government will be sought.

²⁴ The ACE Project comprises an EC of 47 045 sq m GFA, hotel and rental offices of total GFA of 81 066 sq m, and embedded RDE facilities with a GFA of 6 894 sq m.

76. WKCDA has explained that it has faced significant financial challenges due to various factors that are beyond WKCDA's control, resulting in a prolonged mismatch in the timing of cashflows. Worst still, the COVID-19 pandemic and social events in Hong Kong have led to cancellation or rescheduling of performances, programmes and activities, as well as temporary closure of venues throughout most of February to April 2020. Sponsorship and fund raising have to be put on hold. WKCDA's extension of rental concession to its RDE tenants until June 2020 has further reduced its RDE income in 2019-2020. Due to the latest developments, it takes time for the financial advisors to make updated assessments. It is envisaged that some form of Government support will be required to alleviate the financial burden on WKCDA. At members' request, WKCDA and the Administration will continue to report regularly to LegCo the financial position of WKCDA and the taking forward of the WKCD project.

77. When examining the first BOT package for the ACE Project, the Joint Subcommittee has queried the justifications for setting such a long BOT period of 43 years (5 years for construction and 38 years for operation). Members have urged WKCDA and the Administration to exercise robust monitoring of the ACE Project to ensure that the successful tenderer will fulfill its contractual obligations to operate ACE, including setting KPIs, and carrying out mid-term review on the operator's performance, and reserving the right of early termination of the contract in case of repeating failure in meeting the operating requirements and other terms and conditions in the contract. While noting WKCDA's plan to commence the ACE tender process in around May 2020, some members have suggested deferring the tender given the adverse impact of the COVID-19 pandemic on the overall business environment.

78. WKCDA has advised that in setting the BOT period, it is necessary to balance the benefit of early taking back of the assets and the financial viability of the successful tenderer. WKCDA has recommended a longer BOT period of 43 years based on response from the shortlisting exercise and the assessment of the latest market conditions. A set of KPIs will be included in the BOT arrangement for evaluation of the performance of the private sector partner. The BOT contract will also include specific conditions to provide WKCDA with the rights to instruct the private sector partner to take remedies, and to remove or replace the private sector partner if its performance is not up to standards. The tender process started on 27 April 2020. The tender is expected to be awarded in Q4 of 2020, with a target to complete the ACE by 2025/2026. WKCDA also retains the right to cancel the tender if the income to be shared with WKCDA offered by tenderers is unreasonably low.

Operating expenses of the arts and cultural facilities

79. The Joint Subcommittee is worried about the huge and worsening operating deficit faced by WKCDA, which stands at \$299 million (unaudited) in 2019-2020 and is expected to increase to \$1,551 million in 2022-2023 (estimation in June 2020) with more ACF opening in WKCD. Members have called on WKCDA to expedite the commercial developments in WKCD so as to generate income in a timely manner to meet the relevant expenses, and take measures to reduce the deteriorating deficit situation in the meantime.

80. WKCDA has advised that with the implementation of cost control measures and deferral of some costs to 2020-2021, WKCDA's estimated operating deficit in 2019-2020 has improved from \$847 million (estimated in April 2019) to \$299 million (unaudited) as of June 2020. WKCDA has adjusted its budget, staffing plan and venue hiring arrangement, including renting out the venues at lower rates during the time gap between two programmes to generate more income, and explored various financing options to tide over the interim operating deficit. In due course, RDE and HOR developments above IB will provide sustainable sources of revenue to underpin the operation of ACF in WKCD.

Procurement procedures

81. Issues related to the procurement procedures of WKCDA have been raised when the Joint Subcommittee discussed the development of HKPM.

82. Some members have questioned why an open tender exercise was not conducted for the selection of a company to provide data collection and analysis services for the public consultation exercise for the HKPM project. WKCDA has explained that since the estimated value of the service contract is below \$1.5 million, the procurement of the service was made through a request for quotations rather than an open tender exercise. The request for quotations was issued to seven potential suppliers, including private research companies/institutions, and the strategic professional service arm of a local university, and three of them returned their quotations eventually.

83. Some members have queried the justification for WKCDA to appoint RDA Ltd in June 2016 to provide advance consultancy services in a bundle, covering a preliminary technical study on the MPV/EC site for the integrated development of EC, hotels, offices and a proposed new museum, and to provide conceptual design for reference and cost estimation. They have also queried WKCDA's direct appointment of Mr Rocco YIM, an Executive

Director of RDA Ltd, to be the design consultant of HKPM, without going through any open tender exercise or design competition.

84. WKCDA has explained that the WKCDA management appointed RDA Ltd in June 2016 to provide the advanced consultancy service and a conceptual design for the HKPM project in accordance with the delegated authority and established approval procedures. The study was commissioned in response to the WKCDA Board's advice in November 2015 that further studies on the future use of the land site concerned should be conducted given that the proposition of developing an MPV in WKCD might no longer be viable. A set of WKCDA's procurement policy, procedures and guidelines is available at the Authority's website for public reference.²⁵ As for the appointment of Mr Rocco YIM, WKCDA has considered that HKPM should be designed by a local architect who has a good understanding of the vision of WKCD and Chinese art and culture, as well as substantial experience in designing museums similar in nature and scale, and hence open tendering would not be the best option for procuring the design for this project. The appointment has been duly approved by the WKCDA Board with full justification and authority.

85. Members have also queried why CSCE was awarded the HKPM main works contract, notwithstanding that CSCE was suspended by the Development Bureau from tendering for Government works categories of "Buildings (Group C)" during the tender period for HKPM.²⁶ WKCDA has explained that according to the provisions in the tender document, WKCDA may accept an exception if the tenderer provides a written application for exception to suspension at the time of the submission of the tender. CSCE submitted such application, which was carefully considered and approved by WKCDA Development Committee.

Area V. Governance and work of WKCDA

Management of performing arts venues

86. Members have examined the mode and effectiveness of management of ACF in WKCD, and asked whether WKCDA would operate the venues directly, outsource the management and operation to service providers, or

²⁵ The relevant procurement policies and guidelines are available at: <https://www.westkowloon.hk/en/the-authority/policies-and-guidelines>.

²⁶ The suspension was imposed for a period of three months from October 2018 to 7 January 2019.

engage resident arts groups to manage the venues and stage longer-run productions.

87. WKCD has advised that the WKCD Performing Arts Committee ("PAC") advises the Authority on the formulation of vision, mission and mode of governance of its performing arts venues for approval by the WKCD Board. It also recommends to the Board strategies and policies for the operation of performing arts venues. For the Xiqu Centre, the Xiqu Centre Advisory Panel has been established in September 2017 to advise WKCD PAC on matters relating to the management and operation of the Xiqu Centre. WKCD will directly manage and operate the venues, and engage advisors to give advice on the RDE facilities and the development of souvenir merchandising. WKCD would also provide residency facilities for arts groups, such as RCC of LTC for dance-related groups to reside therein.

88. Given the concern of some members of the local xiqu sector that the appointment of a non-Chinese Artistic Director ("AD") by WKCD in October 2017 will be unfavorable to the development of the xiqu art form, members have called on WKCD to state clearly the positioning of the Xiqu Centre and foster communications with the local xiqu sector. They have suggested engaging an expert in xiqu education to take charge of matters on audience building and community participation.

89. WKCD has advised that there is a division of work among the Executive Director ("ED"), AD, and the Head of Xiqu of Performing Arts. While ED and AD oversee broader policy issues and management and operation of various performing arts venues in WKCD, the Head of Xiqu of Performing Arts, who is a seasoned producer of xiqu performances, focuses on matters relating to the development of the xiqu art form, such as formulating the artistic plan for xiqu, and developing partnerships in Hong Kong, the Mainland and globally. More audience building programmes will be conducted after the opening of the Xiqu Centre.

90. As the WKCD project has progressed from the planning and construction phase to the operation phase, some members have enquired how WKCD would realize the arts and cultural vision for Hong Kong and evaluate its achievements. They have also called on WKCD to adopt advanced technology to help better understand the audiences' interest, needs and behaviour in order to seek improvements in its venue operations. According to WKCD, a set of KPIs has been drawn up to evaluate its performance, and will be refined to cover evaluation scopes like audience number and programme arrangements. A centralized customer relationship

management system has already been in use to manage customer data and understand customer behaviour within the District.

Artistic positioning and hiring policy of performing arts venues

91. The Joint Subcommittee has examined the Performing Arts Venue Hiring Policy ("the Hiring Policy") devised by WKCDA in 2018, which adopts five major guiding principles: (a) artistically-driven on the choice of programmes and companies; (b) maximizing utilization of each space; (c) user-friendly, flexible and responsive to market changes; (d) supporting longer-run productions; and (e) taking into account financial implications.

92. Members are concerned how the Hiring Policy of WKCDA will support Cantonese opera virtuosos to mount major shows at the Xiqu Centre for a longer period, whilst also enable smaller arts groups to secure venue bookings there. They have also asked whether non-artistic hirers can make bookings of the Xiqu Centre, Freespace as well as other ACF.

93. WKCDA has advised that under the artistically-driven principle, xiqu productions will be accorded priority in using the venues in the Xiqu Centre, as for other ACF in WKCD where priority will be given to the preferred art forms specific to the venue. Under a low threshold two-tier charging mechanism for ticketed events, a base hiring fee plus a percentage share of box office income will be charged. This mechanism can enable troupes of various sizes, including small and medium performing companies, to run their productions for a longer period of time. Non-artistic hirers may reserve the facilities, but artistic hirers are given higher priority over them.

Governance of M+

94. The Joint Subcommittee notes that a subsidiary company wholly-owned by WKCDA, namely M Plus Museum Limited ("M+ Ltd"), was incorporated in April 2016 with its own Board of Directors ("M+ Board") for formulating the vision and mission, as well as the strategies, policies and guidelines in relation to museological matters and professional standards of the museum's operations. In May 2016, the Acquisitions Committee was established to review, approve and make recommendations to the M+ Board and the WKCDA Board on matters relating to acquisitions by M+. In addition, a trustee company wholly-owned by WKCDA, namely M Plus Collections Limited ("M+ Collections Ltd"), was incorporated in August 2016 to serve as the trustee of the M+ Collections Trust to hold the legal interest in the M+ Collection with a view to separating the legal and beneficial ownership of the collection and protecting it from possible inappropriate

deaccession in the future. M+ Collections Ltd has engaged M+ Ltd to manage the M+ Collection on a day-to-day basis while it provides an oversight of the M+ Collection through an annual audit.

95. Some members have doubted if the establishment of M+ Ltd would undermine the transparency of the operation and finances of M+ and its accountability to LegCo. They have asked, under the new governance structure, whether the Administration and the WKCDA Board would be able to retain effective monitoring and control over the operation of M+, particularly in respect of control over assets and finances.

96. WKCDA has explained that it is necessary for M+ to establish its own board to enable curatorial and museological decisions to be taken independently by museum professionals and board members with relevant experience and expertise. The Administration and WKCDA have assured members that while matters concerning curatorship, programming, collection and acquisition will be under the purview of the M+ Board, WKCDA will retain the overall monitoring and control over the finances of M+ Ltd. Funding allocation to M+ Ltd will continue to be managed centrally by WKCDA, and the business and corporate plans of M+ Ltd would be submitted to the WKCDA Board for approval after endorsement by the M+ Board. The work of M+ Ltd will be subject to the monitoring of LegCo to ensure public accountability.

Recommendations

97. A number of suggestions/recommendations have been made by the Joint Subcommittee in the course of its deliberations. In gist, the Administration/WKCDA should:

The taking forward of the Development Plan for WKCD

- (a) closely monitor the works for the phased development of IB to ensure timely delivery, and regularly report to LegCo about the expenditure position and progress of the IB project and the topside development projects to give early alert of any potential overspending and project delay;
- (b) continue to take forward the provision of PIW, such as roads, bridges, drainage, fire station, public pier and other ancillary facilities to support the whole WKCD;

- (c) identify a suitable site for the relocation of the operational facilities of TSTFSC, before which not to proceed with the relocation;
- (d) ensure that the planned transport and pedestrian infrastructures for WKCD and the road improvement works for the West Kowloon Reclamation Development area will be completed in good time and public transport services will be available to cope with the increasing traffic demand, and facilitate marine access to WKCD;
- (e) closely monitor the actual parking demand and review the provision of parking facilities in WKCD, including that for coaches, as and when necessary;

Planning and development of CACF and other associated facilities

- (f) continue to expedite delivery of CACF in WKCD; and explore means to bridge the funding gap in order to draw up a concrete timetable for the implementation of the Batch 3 facilities as early as practicable;
- (g) in preparation for the opening of HKPM in two years' time, work out in due course the relevant operation details and the loan arrangements (including loan fees and costs) of items from the Palace Museum;
- (h) continue to press ahead for the completion of the M+ project based on the latest schedule, and determine the final project cost as soon as practicable after the expiry of the one-year defects liability period following the practical completion of the project;
- (i) exercise caution in selecting and acquiring artworks for M+ in accordance with the established strategy and acquisition criteria, and increase the percentage of Hong Kong works and items in the collection;
- (j) continue to take forward the construction of LTC for timely opening in 2024, and in the meantime solicit views from the art community to draw up a suitable residency arrangement;

Strategy for the development of cultural software

- (k) allocate sufficient manpower resources to organize and promote arts and cultural education activities;
- (l) foster closer collaboration between HAB and WKCDA to re-align the existing public ACF to complement the WKCD project;
- (m) set KPIs/specific targets to evaluate the effectiveness of the cultural software development programmes, and whether the implementation of these programmes could dovetail with the progress of the hardware development in WKCD;
- (n) cooperate more with local tertiary institutions in staff training and development for its museums;

Financial management and procurement procedures

- (o) expedite the commercial developments in WKCD so as to generate income in a timely manner to meet the relevant expenses, and take measures to reduce the deteriorating deficit in the meantime;
- (p) draw up WKCDA's long-term financing strategy as soon as practicable;
- (q) exercise robust monitoring of the ACE Project under the BOT arrangement to ensure that the successful tenderer will fulfill its contractual obligations to operate ACE;

Governance and work of WKCDA

- (r) as the WKCD project has progressed from the planning and construction phase to the operation phase, refine the set of KPIs to cover evaluation scopes like audience number and programme arrangements;
- (s) adopt advanced technology to help better understand the audiences' interest, needs and behaviour in order to seek improvements in its venue operations; and

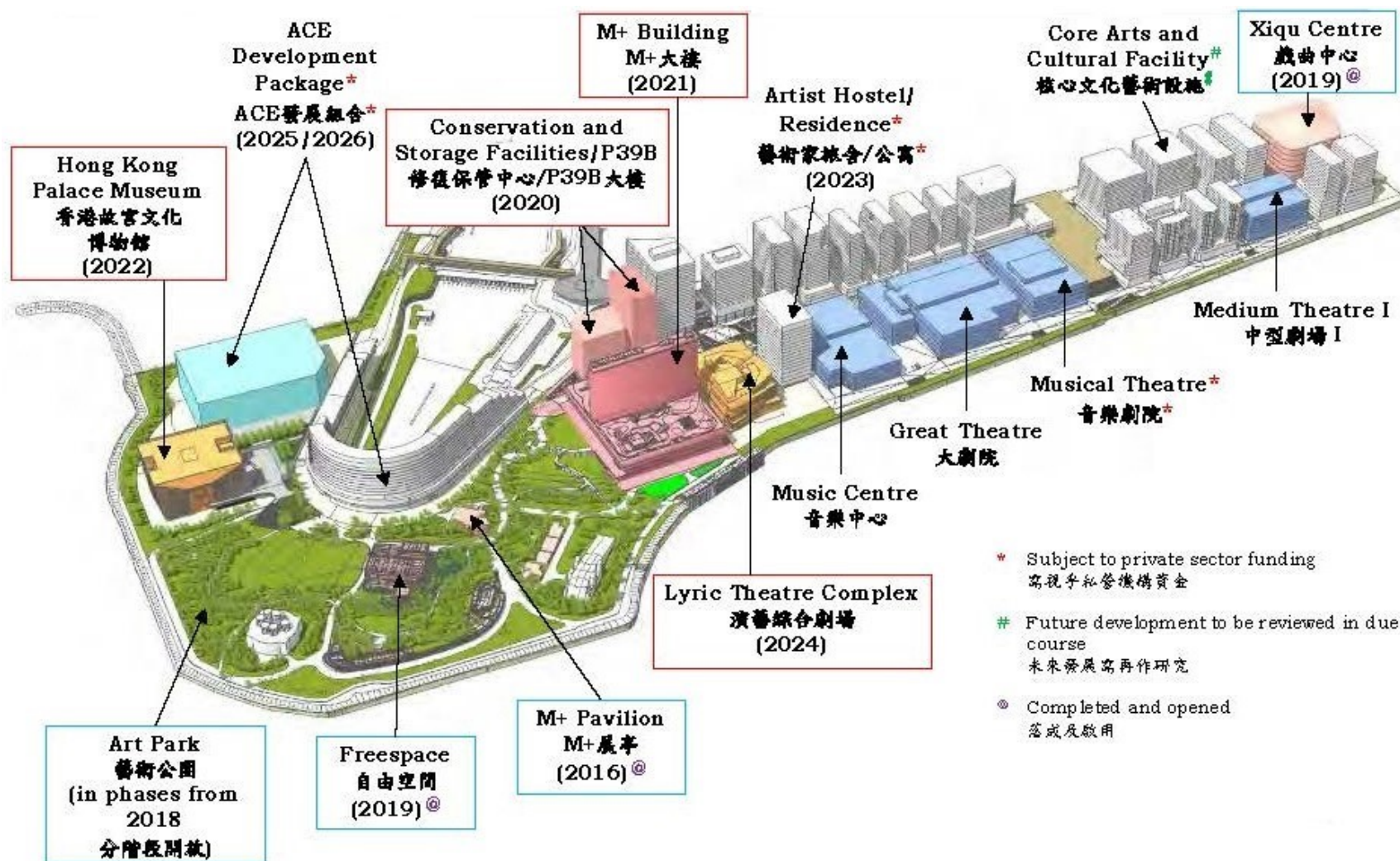
- (t) exercise overall monitoring and control over the finances of M+ Ltd to ensure transparency of the operation and finances of M+ and its accountability to LegCo.

Advice sought

98. Members of the DEV Panel and the HA Panel are invited to note the work of the Joint Subcommittee.

Council Business Division 1
Legislative Council Secretariat
7 July 2020

西九文化區主要設施示意圖
Schematic plan of major West Kowloon Cultural District facilities



資料來源：[立法會 CB\(1\)149/19-20\(02\)號文件的附件](#)
Source: Annex to [LC Paper No. CB\(1\)149/19-20\(02\)](#)

**Status and target completion date of
major West Kowloon Cultural District facilities**

Facilities	Status and target completion date
<i>Batch 1</i>	
Temporary Nursery Park	Opened in July 2015
M+ Pavilion <i>(previously called Arts Pavilion)</i>	Opened in July 2016
Xiqu Centre	Opened in January 2019
Art Park	Phase 1 of the Art Park and a section of the waterfront promenade was opened in early 2018 Phases 2A and 2B of the Art Park were opened in March 2019 The remaining Phase 3 was opened in March 2020
Freespace	Operations started in June 2019
M+	Main works in progress Target to secure the Occupation Permit ("OP") in July 2020, with opening of the Museum nine to 12 months later in mid-2021
<i>Batch 2</i>	
Lyric Theatre Complex ("LTC") <i>(including a Lyric Theatre, a Medium Theatre and a Studio Theatre)</i> <i>(note)</i>	Main works in progress Target to complete in 2023 for opening in 2024
Medium Theatre II <i>(note)</i>	Incorporated into LTC

Facilities	Status and target completion date
Batch 3 <i>(requires extra funding for the development)</i>	
Music Centre <i>(including Concert Hall and Recital Hall)</i>	High priority, to be reviewed by WKCDA
Musical Theatre	To be developed through public-private partnership subject to private sector funding
Great Theatre	To be reviewed by WKCDA and delivered gradually having regard to demand in line with the organic growth approach of WKCD
Medium Theatre I	
Others	
Art, Commerce and Exhibitions	To be developed through Build-Operate-Transfer model with a U-shaped hotel, offices and an adjacent Exhibition Centre Tender issued in April 2020. Expected to be awarded in the fourth quarter of 2020 with a target to complete by 2025/2026
Hong Kong Palace Museum	Construction of superstructure commenced in April 2019, with OP targeted to be granted in mid-2021 for the opening in mid-2022
M+ Phase II	To be reviewed by WKCDA and delivered gradually having regard to demand in line with the organic growth approach of WKCD
Xiqu Small Theatre	

Note:

The originally proposed Medium Theatre II and one black box theatre (now called Studio Theatre) of the Centre for Contemporary Performance were incorporated into the building of the original Lyric Theatre to form LTC to advance their provision.

Appendix III

Panel on Development and Panel on Home Affairs

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

Terms of Reference

To monitor issues relating to the implementation of the West Kowloon Cultural District project, including the work of the West Kowloon Cultural District Authority, the project's interface with arts and cultural development, and other related matters.

Panel on Development and Panel on Home Affairs

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

Membership list

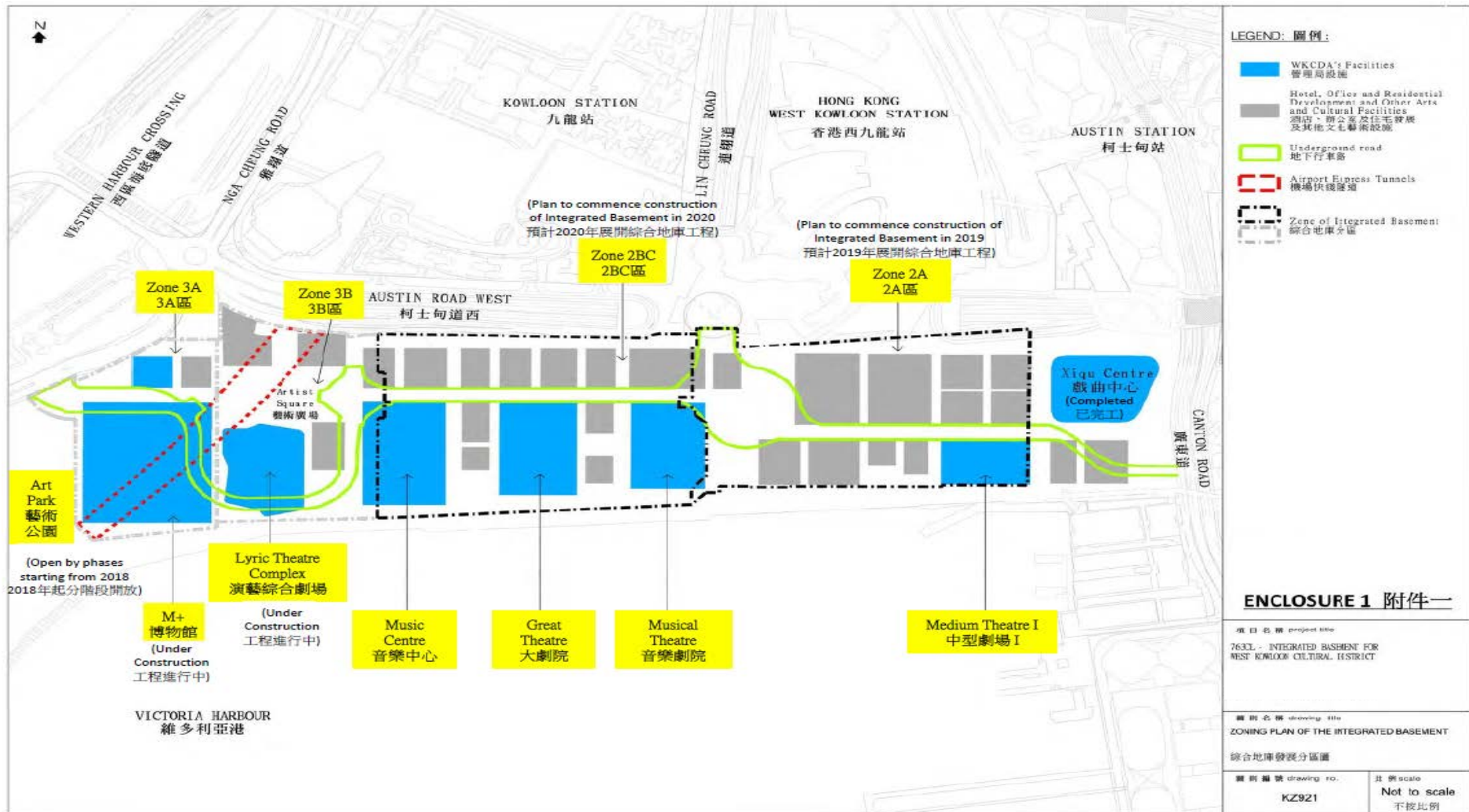
- Chairman** Hon Jeffrey LAM Kin-fung, GBS, JP
(in 2018-2019 and 2019-2020 sessions)
Hon LAU Kwok-fan, MH
(in 2016-2017 and 2017-2018 sessions)
(as a member from 6 November 2018 to
1 January 2019, and since 27 April 2020)
- Deputy Chairman** Hon Jimmy NG Wing-ka, BBS, JP
(in 2018-2019 and 2019-2020 sessions)
(as a member from 23 to 28 November 2016, and
from 21 November 2017 to 5 November 2018)
Hon Tanya CHAN
(in 2016-2017 and 2017-2018 sessions)
(as a member since 6 November 2018)
- Members** Hon Abraham SHEK Lai-him, GBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
(from 14 November to 17 December 2017)
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
(from 23 November 2016 to 1 January 2020)
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
(from 23 November 2016 to 27 October 2019)
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Dr Hon Helena WONG Pik-wan
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon Wilson OR Chong-shing, MH
(from 23 November 2016 to 23 November 2017)

Hon CHEUNG Kwok-kwan, JP
(from 23 November 2016 to 29 October 2018)
Hon KWONG Chun-yu
(since 30 October 2018)
Hon Jeremy TAM Man-ho
(from 10 June to 15 November 2019)
Hon Vincent CHENG Wing-shun, MH, JP
(since 30 October 2018)
Hon Tony TSE Wai-chuen, BBS
(since 21 March 2018)

Clerk Ms Doris LO

Legal Adviser Miss Evelyn LEE

西九文化區綜合地庫分區圖
Zoning plan of the integrated basement of the West Kowloon Cultural District



資料來源：[立法會 CB\(1\)418/18-19\(03\)號文件的附件一](#)
Source: Enclosure 1 to [LC Paper No. CB\(1\)418/18-19\(03\)](#)

An overview of the funding submissions and the relevant scope of works under 763CL — Integrated Basement for West Kowloon Cultural District

Project	Approved Project Estimates ¹	Major scope of works
First and second stages of design, site investigation and construction works ²	\$2,919.5 million <i>[Approved by the Finance Committee ("FC") in July 2015]</i>	<p><u>First stage</u>³</p> <ul style="list-style-type: none"> - Construction of foundations for underground road and protection works for the existing Airport Express Tunnels ("AET") in Zone 3A - Design of essential basement structure and associated works for Zone 3B <p><u>Second stage</u></p> <ul style="list-style-type: none"> - Construction of underground road and protection works for the existing AET in Zone 3A - Construction of foundations for Zone 3B - Design and site investigation of essential basement structure and associated works for Zone 2A - Preliminary design and site investigation of essential basement structure for Zone 2BC

¹ In money-of-the-day ("MOD") prices

² Details of this project are set out in [PWSC\(2015-16\)30](#).

³ The Administration had originally submitted the funding proposal for the first stage of design and advance works of the Integrated Basement ("IB") at an estimated cost of \$304.5 million in MOD prices to the Public Works Subcommittee ("PWSC"), but the funding submission was not examined by PWSC by the end of 2014. The Administration then withdrew the funding submission in January 2015, and the West Kowloon Cultural District Authority ("WKCD") decided to charge the costs of the works to the endowment fund, as the significant delay in funding approval had serious knock-on effects on the construction costs and development programmes of M+ and Lyric Theatre Complex. The Administration subsequently submitted [PWSC\(2015-16\)30](#) for the first and second stages of works of IB, under which the Administration sought to, among others, transfer the costs associated with the first stage of the works to WKCD, in recognition of the works undertaken on behalf of the Government.

Project	Approved Project Estimates¹	Major scope of works
Third stage of construction works ⁴	\$3,178.4 million ⁵ <i>[Approved by FC in January 2018]</i>	<u>Third stage</u> - Construction of the remaining foundation works, essential basement structure and associated works, underground road and protection works for the existing AET, drainage box culvert in Zone 3B - Remaining works for the remaining section of underground road in Zone 3A
Remaining works ⁶	\$17,472.3 million <i>[Approved by FC in March 2020]</i>	- Construction of the essential basement structure, underground road and associated public infrastructure works for Zones 2A and 2BC

Source: Follow-up papers (LC Paper Nos. [CB\(1\)1112/16-17\(01\)](#) and [CB\(1\)782/18-19\(01\)](#)) provided by the Administration and WKCDA in June 2017 and March 2019

⁴ Details of this project are set out in [PWSC\(2017-18\)12](#).

⁵ In July 2017, PWSC endorsed the funding proposal ([PWSC\(2017-18\)12](#)) at an estimated cost of \$3,638.5 million in MOD prices. The funding proposal was not submitted to FC in the 2016-2017 legislative session. When submitting the funding proposal to FC ([FCR\(2017-18\)42](#)) in November 2017, the Administration adjusted the estimated project cost from \$3,638.5 million to \$3,178.4 million in MOD prices due to (a) the need to update the programme and the cost of the project; and (b) the lower tender price returned in June 2017 for one of the two major works contracts for IB issued by WKCDA.

⁶ Details of this project are set out in Enclosure 3 to [PWSC\(2018-19\)46](#).