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

Meeting on 1 March 2021

**Updated background brief on the development of arts and cultural
software and operation of venues in the West Kowloon Cultural District**

Purpose

This paper provides background information on the development of arts and cultural software as well as the latest position of the operation of venues in the West Kowloon Cultural District ("WKCD"). It also gives a brief account of the views and concerns expressed by members of the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee") on the relevant subjects.

Background

Development of arts and cultural software

2. Under section 4(2) of the West Kowloon Cultural District Authority Ordinance (Cap. 601), the West Kowloon Cultural District Authority ("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.

3. In preparation for the commissioning of the arts and cultural facilities ("ACF") in WKCD, WKCDA has been organizing a series of programmes to develop the capacity of the arts and cultural sector, groom arts talents, build

audiences and engage the community and young people. To tie in with the development of WKCD, the Administration and its collaborators¹ have adopted a multi-pronged approach in promoting cultural software development in Hong Kong through arts programme development, audience building, arts education and grooming of talents.

Operation of venues

4. Various venues in WKCD have been in operation, namely the Xiqu Centre at the eastern end of the District; and the Art Park, Freespace, M+ Pavilion and the Competition Pavilion at the western end.

Xiqu Centre

5. The Xiqu Centre, opened in January 2019, 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), and is the first major performing arts ("PA") venue in WKCD open to the public. With a total area of 28 164 square metres, the Xiqu Centre houses a Grand Theatre with a maximum of 1 075 seats, a Tea House Theatre with a maximum of 200 seats, as well as a seminar hall and eight professional studios for different types of xiqu-related functions and other activities. According to WKCDA, the utilization rate of the Xiqu Centre after the three-month Opening Season was encouraging, as reflected by the utilization rates of the Grand Theatre and the Tea House Theatre for the period from May 2019 to March 2020 which stood at 84% and 72% respectively.²

Art Park and Freespace

6. Delivered in phases since early 2018, the Art Park is an integral part of the 23-hectare public open space in WKCD and a venue for outdoor performances and exhibitions for the public. The remaining portions of the Park adjoining the western and southern sides of M+ were opened to the public in early 2020. In 2019, 15 events covering the themes ranging from sport, arts and culture, music to community activities, were held in the Art Park, and attracted more than 53 000 participants.

¹ The collaborators include the Hong Kong Arts Development Council and the Hong Kong Academy for Performing Arts.

² According to WKCDA, the utilization rate of the Grand Theatre at the Xiqu Centre covers all confirmed bookings that contract agreements have been signed and paid by venue hirers. (Source: [LC Paper No. CB\(1\)290/19-20\(03\)](#))

7. Opened in June 2019, Freespace, serving as the centre for contemporary performances, is the second major PA venue in WKCD that has come into operation. It comprises a black box theatre (i.e. the Box) with an audience capacity of 450 if seated or 900 if standing, two multi-purpose spaces (i.e. the Room and the Studio) for creative exchange and artistic collaborations, as well as the Livehouse for presenting live music in a bar-café environment. The utilization rate of the Box was 75% for the period from June 2019 to March 2020.³

M+ Pavilion and Competition Pavilion

8. M+ Pavilion, opened in July 2016, currently serves as the primary site for M+ exhibitions in the run-up to the completion of the M+ building. After M+ opens, M+ Pavilion will be converted to serve as the interim home base for the Hong Kong Palace Museum ("HKPM") when the HKPM building is under construction. In due course, M+ Pavilion will be a space for small-scale exhibitions and events and be renamed the Arts Pavilion.

9. Located at the waterfront promenade, the Competition Pavilion was constructed based on the winning design (i.e. Growing up by New Office Works) of the Young Architects and Designers Competition. The Pavilion was opened in February 2019 for leisure, relaxation and small-scale events, but it has been closed recently until further notice.⁴

Mode of management and hiring policy of performing arts venues

10. The WKCDA Performing Arts Committee ("PAC") has been established to offer advice to WKCDA on the formulation of vision, mission and mode of governance of its PA venues for approval by the WKCDA Board. It recommends to the Board strategies and policies for the operation of PA venues as well. The Xiqu Centre Advisory Panel has also been established to advise PAC on matters relating to the management and operation of the Xiqu Centre, including hiring charges, user mix and priority, programming, strategies and policies for the nurturing and training of Chinese opera artists, local community arts education and partnerships with stakeholders for the Xiqu Centre. Moreover, WKCDA has devised the Performing Arts Venue Hiring Policy to support the mission and identity of each PA venue in WKCD. The guiding principles of the Policy are reproduced in **Appendix I**.

³ According to WKCDA, the utilization rate of the Box at Freespace covers all confirmed bookings that contract agreements have been signed and paid by venue hirers. (Source: [LC Paper No. CB\(1\)290/19-20\(03\)](#))

⁴ Source: [WKCD's website](#) [Accessed February 2021]

Street Performance Scheme

11. To encourage street entertainment, WKCDA has launched the Street Performance Scheme ("SP Scheme") since 2015 to allow the general public to enjoy a variety of performances conducted by street performers in WKCD. These street performers are required to hold a valid permit, i.e. the Street Performance Permit ("SP Permit"), and comply with the regulations on volume, performance hours, performance duration and location. In view of the latest situation of the Coronavirus Disease-2019 ("COVID-19") pandemic, WKCDA has reduced the number of street performance locations on site and temporarily suspended street performance applications until further notice.⁵

Major views and concerns expressed by members

12. The major views and concerns expressed by members on the subjects at meetings of the Joint Subcommittee are summarized in the ensuing paragraphs.

Roles of the Administration and the West Kowloon Cultural District Authority on development of cultural software

13. Some members were concerned about the delineation of responsibilities among WKCDA, the Administration (in particular the Home Affairs Bureau ("HAB")) and its collaborators in the development of cultural software. There was a view that the Administration should play a leading role in the planning and promotion of cultural software development for the WKCD project and allocate more resources for promoting cultural software development in Hong Kong. Members called for a closer collaboration between HAB and WKCDA to re-align the existing public ACF to complement the WKCD project.

14. The Administration advised that WKCDA placed more emphasis on artistic merits with a view to staging world-class performances at WKCD venues, whereas the Government was committed to providing affordable cultural services for the wider community. While WKCDA would continue its efforts in developing cultural software for the WKCD project and the local cultural sector as a whole, the Government would continue working closely with WKCDA to take forward relevant initiatives. In recent years, the relevant funding allocation under HAB had been increased for implementing a

⁵ Source: [WKCD's website](#) [Accessed February 2021]

range of initiatives for enhancing cultural software development in Hong Kong. Such initiatives included provision of various PA venues operated by the Leisure and Cultural Services Department, subvention to arts organizations (e.g. the Hong Kong Arts Development Council and the Hong Kong Academy for Performing Arts), injection to arts development funds (e.g. the Cantonese Opera Development Fund), and different forms of support to arts groups, budding artists, etc.

Assistance to venue hirers and tenants amid the Coronavirus Disease-2019 pandemic

15. The Joint Subcommittee noted with concern that to comply with the Government's anti-pandemic and social distancing measures, WKCDA had temporarily closed its PA venues and other facilities during certain periods since early 2020. The bookings of PA venues and performances had also been affected with multiple cancellations and rebookings. Members urged WKCDA to render assistance to venue hirers and tenants amid the COVID-19 pandemic.

16. WKCDA advised that it had offered venue hirers maximum flexibility so that they could reschedule and rescope their bookings/events. Rate concessions and/or refund had also been arranged having regard to individual circumstances. To provide audiences with access to performances and help PA practitioners to sustain their work and livelihood during the pandemic, the Authority had strived to reinvent programmes and present a variety of events and performances online. Besides, rental concession had been provided to tenants, primarily food and beverage outlets, to relieve their financial burden whilst maintaining the operation of WKCD.

Operating expenses of arts and cultural facilities

17. Noting that WKCDA would face a prolonged and increasing structural operating deficit primarily due to the cost of running the facilities upon their gradual commissioning, members queried why WKCDA had not expedited the commercial developments in WKCD to generate revenue in a timely manner. Expressing grave concerns over the financial position of WKCDA, members urged the Authority to put in place necessary measures to contain the deteriorating deficit situation.

18. WKCDA advised that under the prudent financing approach adopted for the WKCD project, priority was given to the early delivery of the core ACF. In due course, the RDE and hotel/office/residential ("HOR") developments above the integrated basement ("IB") would provide sustainable

sources of revenue to underpin the operation of ACF. The construction of IB was a pre-requisite of the RDE and HOR developments and with the funding approval of the Finance Committee in March 2020, the construction of the remaining works of IB was underway.

19. WKCDA further advised that with the implementation of cost containment measures and deferment of some costs to 2020-2021, WKCDA's estimated operating deficit before depreciation in 2019-2020 had significantly improved from \$847 million (estimated in April 2019) to \$299 million (unaudited as of June 2020). With more ACF opening in WKCD, it was estimated that WKCDA's operating deficit before depreciation would increase to \$1,370 million in 2021-2022 and \$1,551 million in 2022-2023.⁶ The Authority had adjusted its budget, staffing plan and venue hiring arrangement in tandem with the gradual commissioning of WKCD facilities, and worked with financial advisors on its long-term financing strategy to tide over the interim operating deficit and fund the development of remaining facilities as appropriate. In light of the uncertainties arising from the outbreak of COVID-19 pandemic, the Authority had also formed a special task force to review its operating expenses and implemented rigorous measures to contain the increase of operating deficits in the next few years.

Management and operation of arts and cultural facilities

20. In response to members' enquiry on the mode of governance and operation of ACF in WKCD, WKCDA advised that as for the case of the Xiqu Centre, the Authority would directly manage and operate the venue, and at the same time engage advisors to give advice on the RDE facilities and the development of souvenir merchandising. The Authority would also provide residency facilities for arts groups. In the case of the Lyric Theatre Complex ("LTC"), which was scheduled for completion in 2023, dance-related groups could reside in the Resident Company Centre ("RCC") of LTC. They would be provided with the administration, rehearsal and other supporting facilities in RCC, have priority access to the theatres in LTC and participate in the operation of the venue.

21. Some members suggested that WKCDA should stage more events in WKCD (e.g. making better use of the Great Lawn of the Art Park for holding events in day time and film shows at night time during weekends), and collaborate with the Hong Kong Tourism Board ("HKTB") as well as other organizations on promotional activities to enhance the patronage of WKCD. They also enquired whether WKCDA was satisfied with the utilization rate of

⁶ Source: [LC Paper No. CB\(1\)668/19-20\(01\)](#)

the Grand Theatre (84%) and the Tea House Theatre (72%) in the Xiqu Centre; if not, whether WKCDA would introduce measures to boost the utilization rate.

22. WKCDA advised that with the progressive commissioning of WKCD facilities, many programmes were being hosted at different venues both indoor and outdoor throughout the year. It had also launched various marketing programmes for WKCD in Hong Kong, the Mainland and overseas, and liaised with HKTB on the matter. Moreover, the Authority would study how to improve the operation of the newly opened venues based on the feedback received from venue hirers.

23. With the WKCD project progressing from the planning and construction phase to the operation phase, some members enquired how WKCDA would realize the arts and cultural vision for Hong Kong and evaluate its achievements. WKCDA advised that it had drawn up a set of key performance indicators ("KPIs") to evaluate its performance and had reported the KPI results to the WKCDA Board annually. The KPIs focused currently on the delivery of the WKCD project, and would be refined to cover evaluation scopes like audience number and programme arrangements following the shift of the focus from project development to operation.

Hiring and ticketing arrangements

24. Under the artistically-driven Performing Arts Venue Hiring Policy, members were concerned as to how WKCDA would support Cantonese opera virtuosi to mount major shows at the Xiqu Centre for a longer period, whilst also enable smaller arts groups to secure venue bookings there. They also enquired whether non-artistic hirers could make bookings of the Xiqu Centre, Freespace as well as other ACF.

25. WKCDA advised that under the artistically-driven principle, xiqu productions would be accorded priority in using the venues in the Xiqu Centre, as for other ACF in WKCD where priority would be given to the preferred art forms specific to a PA venue. Under a low threshold two-tier charging mechanism for ticketed events, a base hiring fee plus a percentage share of box office income would be charged. WKCDA believed that this mechanism could enable troupes of various sizes, including small and medium performing companies, to run their productions for a longer period of time. Artistic hirers were also given higher priority over non-artistic hirers in the booking of ACF.⁷

⁷ For example, artistic hirers (in art forms of theatre, dance and music) and non-artistic hirers can reserve Freespace up to 16 months and nine months in advance respectively.

26. In preparation for the opening of the Xiqu Centre, members urged WKCDA to put in place proper ticketing arrangements and measures to prevent ticket scalping. They also requested WKCDA to consider providing concessionary tickets for senior citizens and students.

27. WKCDA advised that it ran an in-house online ticketing system which could help prevent ticket touting. For programmes in general, while the Authority had no control on the distribution of tickets by the organizers, it would encourage organizers to make available most of the tickets for sale through the above in-house ticketing system, which enabled local audiences and those from other places outside Hong Kong to buy tickets online. WKCDA offered concessionary tickets for specific groups, including senior citizens and students, for its own programmes and different ticketing arrangements might be adopted for individual programmes.

Enhancement of customer services

28. Members called for enhancement of customer services in WKCD by, inter alia, adopting new technologies, such as Beacons,⁸ in museums to help better understand the audiences' interest, needs and behaviour; enhancing the functions of WKCDA's online membership system (i.e. My WestKowloon); and providing advance information on WKCD programmes and collections to visitors through electronic means.

29. WKCDA advised that a centralized customer relationship management system had been in use to enable the Authority to manage customer data and understand customer behaviour within WKCD. The Authority had also launched individual membership scheme for each facility like M+ and was working on similar ones for PA venues and HKPM to collect members' views on its programmes and reward members. In parallel, the Authority had started to develop a district-wide loyalty scheme involving more different elements such as food and beverage as well as activities in the Art Park.

Management of street performances

30. Some members were concerned how WKCDA would rank and prioritize various types of street performances when determining whether to grant an SP Permit. Given the many restrictions imposed on street performances, some members queried how WKCDA would be able to attract

⁸ "Beacons" is a Bluetooth low energy technology which can help identify the positions of visitors and interact with them by providing the relevant information.

street performers to perform in WKCD. As there were only 124 valid SP Permits as of January 2019, members called on WKCDA to strengthen its promotion and grant longer validity to encourage more street performers to apply for SP Permits.

31. WKCDA stressed that it would not censor the content of street performances and had no intention to rank or regulate these performances. The permit requirement was meant for safety purposes and the promotion of excellence in street performances. WKCDA expected and required all those performing within WKCD to fully understand and agree with the notions of street performances promoted by the guidelines under the SP Scheme.⁹ An SP Permit was valid for one year at a fee of \$100 and it was for the street performers concerned to decide whether to renew their Permits. Since the establishment of the SP Scheme in 2015, over 500 SP Permits had been issued, of which 124 were valid as of January 2019. More applications for SP Permits were expected following the phased opening of the Art Park.

Latest development

32. At the meeting to be held on 1 March 2021, the Administration and WKCDA will brief the Joint Subcommittee on the work on promoting PA, latest state of play about the operation of venues in WKCD and the enhanced customer services.

Relevant papers

33. A list of the relevant papers on the Legislative Council website is in **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
25 February 2021

⁹ The full set of guidelines is available at [WKCD's website](#).

Performing Arts Venue Hiring Policy of the West Kowloon Cultural District Authority

The Performing Arts Venue Hiring Policy ("the Policy"), which governs how venue hiring in the performing arts ("PA") venues is managed and operated within the West Kowloon Cultural District Authority ("WKCD"), will be applicable to the hiring of all available spaces in each PA venue, the Art Park and public open spaces in the West Kowloon Cultural District ("WKCD") for holding PA events. The Policy follows four guiding principles intended to provide flexibility and responsiveness to market changes:

a) Artistically-driven

Each PA venue is characterized by its unique artistic mission and identity. Adopting an artistically-driven approach not only ensures that artistic events enjoy a higher booking priority than non-artistic events but also ensures that the preferred art forms specific to a PA venue shall have priority on the booking calendar. An obvious example is that Chinese opera will be accorded the highest priority in the Xiqu Centre booking calendar. In addition, it is intended that priority will be accorded in recognition of the artistic considerations of the programmes. The artistic team in WKCD, led by Artistic Director, PA, will be the gatekeeper for the artistic positioning of the PA venues. To back up these arrangements, WKCD plans that the pricing of the PA venues should also support artistic events.

b) Maximize utilization of each space

Space is a valuable asset in all venues. To maximize utilization of space and sustain the venues' operations financially, WKCD venues will accommodate a broad spectrum of programmes and events, both artistic and non-artistic in nature (though artistic events will enjoy a higher booking priority). Thorough analysis of the space available in each venue, its potential use and target market, will be carried out and the potential range of uses set with reference to the prevailing market of direct or comparable venues in Hong Kong or in the region. The pricing structure of each space and service will be tailored to each potential market to maximize utilization.

c) Support longer run productions

Hong Kong has long been facing a lack of performance venues to accommodate long running productions. In the Policy, longer run productions will be given higher priority in booking. The goal is to help the industry build bigger audiences thus fostering cultural appreciation generally.

d) Achieve financial sustainability

WKCDA will strive to achieve financial sustainability for its venues. Possible income sources from arts and cultural facilities include venue hiring charges, ticketing income, donations and sponsorship. Such incomes should generate funding to support a significant part of the operating costs of the PA venues. The potential revenue to be generated by any event is therefore another key factor to be taken into account when setting priorities for PA venue space usage. As a matter of principle, all hirers, including programmes organized or co-organized by WKCDA, will have to pay hire charges. This will ensure proper accounting within each PA venue as a cost centre and transparency over expenditure by WKCDA going forward.

2. Under the Policy, the timing of confirming advance bookings upon signing of contract and payment of deposit is as follows:

- (a) WKCD productions and/or presentations as well as programmes of resident companies – 18 months in advance;
- (b) the preferred art forms or venue partners of the specific venue – 16 months in advance;
- (c) other PA companies and art forms – 14 months in advance; and
- (d) bookings of non-artistic events can be confirmed not earlier than 12 months ahead.

3. WKCDA plans that the charging mechanism for ticketed events should be based on a two-tier approach which will comprise a base hiring fee and a percentage share of box office income.

(Source: [LC Paper No. CB\(1\)354/17-18\(01\)](#))

Appendix II

Development of arts and cultural facilities and operation of venues in the West Kowloon Cultural District

List of relevant papers

Committee	Date of meeting	Paper
Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project	20.12.2016 Item III	Agenda Minutes
	21.2.2017 Item III	Agenda Minutes
	13.6.2017 Item II	Agenda Minutes
	20.12.2017 Items I & II	Agenda Minutes
	11.5.2018 Item III	Agenda Minutes
	6.11.2018 Items III & IV	Agenda Minutes
	14.1.2019 Item I	Agenda Minutes
	1.4.2019 Item III	Agenda Minutes
	29.4.2019 Items III & IV	Agenda Minutes
	25.11.2019 Item IV	Agenda Minutes
6.1.2020 Items II & III	Agenda Minutes	

Committee	Date of meeting	Paper
	1.6.2020 Items III & IV	Agenda Minutes
	18.1.2021 Item III	Agenda