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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") for the 2020-2021 legislative session.

Background

2. The 40-hectare 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 hectares 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")⁵ 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. An overview of the IB zoning plan is in **Appendix I**. 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 ("CACF") of WKCD⁶ 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.

⁴ 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 the Annex to [LC Paper No. CB\(2\)/658/12-13\(01\)](#).

⁵ The IB, covering an area of 254 000 square metres is implemented by phases. The IB is divided into Zones 2 and 3 and further subdivided into Zones 2A, 2B, 2C, 3A and 3B. The IB in Zone 3A forming part of the M+ Project has been substantially completed in February 2021, and the IB in Zone 3B is currently under construction for completion in 2024. Zone 2 of IB has the largest area of about 200 000 square metres, located between the Xiqu Centre to the east and the Artist Square Towers in Zone 3B to the west.

⁶ 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 CACF 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.

5. Under the latest implementation approach adopted by WKCD, 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 II and III** respectively. The first major performing arts venue in operation is the Xiqu 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). M+ and the Hong Kong Palace Museum ("HKPM") are set to open in end 2021 and mid-2022 respectively.

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 IV and V** 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 2020-2021 session in December 2020.

7. Under the chairmanship of Hon LAU Kwok-fan, the Joint Subcommittee held a total of six meetings during the session. The Joint Subcommittee also conducted one site visit to understand the development progress of WKCD.

Deliberations of the Joint Subcommittee

8. In the current session, the Joint Subcommittee continued to follow up on various issues relating to the development of the WKCD project. The discussion of the Joint Subcommittee with the Administration and WKCD are summarized in the ensuing paragraphs, as follows:

- (a) Expediting topside Hotel/Office/Residential ("HOR") and RDE developments (paragraphs 9-19);
- (b) Financial position of the WKCD project (paragraphs 20-23);
- (c) Connectivity of WKCD with its neighbouring districts (paragraphs 24-27);
- (d) Development of CACF in batches (paragraphs 28-41);

- (e) Development of cultural software (paragraphs 42-46);
- (f) Measures to support the arts and cultural sector during the Coronavirus Disease – 2019 ("COVID-19") pandemic (paragraphs 47-50); and
- (g) Collaborating with other authorities of the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") in respect of arts and cultural development (paragraph 51).

Expediting topside Hotel/Office/Residential and Retail/Dining/Entertainment developments

9. Given that the revenue generated from ACF in terms of ticketing and rental of venues was insufficient to cover the operating expenses of WKCDA, members considered that the Authority should expedite the HOR and RDE developments in WKCD with a view to generating a stable recurrent revenue stream to sustain the operation of ACF of the District. Members also noted that under the Enhanced Financial Arrangement ("EFA") for WKCD, WKCDA was allowed to retain the ownership of the land and premises of commercial developments in WKCD and share the income generated from the developments with private developers through the Build-Operate-Transfer ("BOT") arrangement. In this connection, members were concerned that as developers had no ownership of the commercial developments, the BOT arrangement might dampen the interest of developers to take part in such developments, thereby resulting in delay in the implementation of the relevant projects.

10. WKCDA advised that as the recurrent rental income generated from the HOR developments and RDE facilities was crucial to sustaining the operation of ACF of WKCD, the Authority would take forward the HOR/RDE developments in Zone 2 and Zone 3B as early as practicable. The Authority planned to kick start the tendering process for the HOR/RDE developments in Zone 3B (i.e. the Artist Square Towers ("AST")) in the second half of 2021. WKCDA also advised that the BOT and income sharing arrangements were not unprecedented in Hong Kong market. The Authority would launch a market sounding out exercise to introduce the BOT arrangement to the market, and ascertain the market interest towards the commercial developments in WKCD and the timing of rolling out these developments.

Art, Commerce, Exhibitions Development Package

11. Noting that WKCD had withdrawn the tender of Art, Commerce, Exhibitions ("ACE") development package⁷ in August 2020 as the response to the tender was not as positive as expected, members were concerned about the impact of such a decision on the financial position of the Authority. Query had been raised as to whether WKCD had taken into account the anticipated future supply of additional exhibition space in other exhibition facilities in Hong Kong when planning for the ACE development package.

12. WKCD advised that when the ACE development was planned under EFA for WKCD announced in 2017, the development of a new convention centre on the site above the Exhibition Station of the Shatin to Central Link was at the proposal stage, while the AsiaWorld-Expo ("AWE") Phase Two and the Hong Kong Convention and Exhibition Centre ("HKCEC") Phase Three expansion projects were yet to confirm. Due to the uncertain market economic outlook amid the COVID-19 pandemic and the supply of additional exhibition space under the AWE Phase Two and the HKCEC Phase Three expansion projects, the response to the tender was not as positive as expected. The ACE development package and topside commercial developments in Zone 3B (i.e. AST at Parcels 31, 32 and 34), and Zones 2A and 2B were the main HOR/RDE facilities in WKCD that would generate income for WKCD. The Authority had accorded priority to the development of AST and the relevant tendering process was expected to commence in the second half of 2021 upon completion of the relevant market sounding out exercise. The income generated from such developments would help improve the financial situation of WKCD.

13. Some members enquired whether the Administration had set a development framework for WKCD to ensure that the usage of the site of the ACE project would not deviate from its original planned purpose of promoting arts and cultural development. They were concerned that the site of the ACE project might eventually be used entirely for commercial developments. The Administration and WKCD advised that the Land Grant for WKCD had stipulated the overall development parameters of the District, including an upper limit for commercial developments (i.e. non-ACF developments).

⁷ The original ACE development package includes an exhibition centre, a hotel, and rental offices together with embedded RDE facilities. The exhibition centre element was planned to provide about 47 000 square metres of art, commerce and exhibitions space to accommodate the types of art fairs, exhibitions, conventions and entertainment programmes. Adjacent to the exhibition centre is a U-shaped site to provide about 81 000 square metres of hotel and rental offices as well as about 7 000 square metres of embedded RDE facilities.

In addition, the DP of WKCD approved in 2013 had set out the land use of each site in the District. The Authority had to go through the relevant statutory processes for initiating any change to the prescribed land use of the sites. Given that the market response to the ACE tender had indicated that the private sector might not be interested in hotel/office development packaged with an Exhibition Centre, the Authority was reviewing and assessing various options for the ACE project before deciding on the best way forward. It remained the intention of the Authority to develop the ACE site for arts and culture-related purposes at this stage. The Joint Subcommittee would be updated on the outcome of the review on the ACE project once available.

Planning of topside developments in Zone 2

14. At its meeting on 7 June 2021, WKCDA updated the Joint Subcommittee on the development of Zone 2 of WKCD. According to WKCDA, the topside HOR/RDE developments in Zone 2 would provide long-term income stream to support the operations of the ACF venues and facilities in WKCD. Since a large portion of the HOR/RDE developments was located in Zone 2, completion of the IB Zone 2 ("IBZ2") was crucial for the financial sustainability of WKCD. Members noted that in order to minimize the interface risks during construction stage and the related problems such as delay in handover, claims for damages and loss of profits among different contracting parties involved in the IBZ2/Underground Road ("UR") and topside development works, WKCDA would adopt a parallel approach to deliver IBZ2/UR in tandem with the HOR/RDE topside developments in Zone 2.

15. Members were briefed that under the parallel approach, the selected topside developers would take up the role of "contractors" of WKCDA to construct IBZ2 and UR. In other words, the selected developers, after open tendering, would be given early possession of the sites so that they could plan and integrate their design of topside developments with that of IBZ2/UR and to commence construction of both components earlier, as compared to the original sequential approach whereby WKCDA would complete IBZ2/UR first before handing over the sites to the topside developers. In addition, the topside developers would be responsible for funding the associated Mechanical, Electrical and Plumbing and Architectural Builder's Works and Finishes Works of IBZ2 which were not covered by the funding approved by FC.⁸ The benefits of this parallel approach were that the Authority would

⁸ FC approved on 20 March 2020 an additional sum of \$17,472.3 million for the detailed design and site investigation of the essential basement structure for Zones 2B and 2C of IB and the construction of foundation works for IBZ2, construction of essential basement structure and UR in IBZ2 ([FC Paper No. FCR \(2019-20\)38](#)).

have earlier completion of and revenue sharing from the topside HOR/RDE developments in Zones 2A and 2B. WKCDA would continue to act as the overall project manager to oversee the construction of IBZ2/UR works undertaken by the topside developers.

16. According to WKCDA, it was anticipated that the Zone 2 sites would be handed over to the topside developers in phases starting from 2022 under the parallel approach, for completion of the IBZ2/UR works in phases starting from 2025-2026, and completion of the topside HOR/RDE developments in phases commencing in 2028. The overall topside developments programme could be shortened by about two years.

17. Whilst expressing support for WKCDA's adoption of the parallel approach to take forward the development of Zone 2, some members were concerned that the works contracts of other development projects in WKCD might be monopolized by the selected developers for Zone 2 as they were able to access first-hand information on WKCD's future developments. They also enquired whether the selected developers of topside developments in Zones 2A and 2B were required to make upfront payments to WKCDA, thereby reducing the amount of Government fund required to be further allocated to finance the development of WKCD.

18. WKCDA advised that in accordance with the EFA for WKCD, WKCDA and the Government would receive respectively income share and upfront payments from the successful tenderers of topside HOR developments under the BOT development packages. HOR/RDE developments in Zone 2A, covering a total GFA of about two million square feet, would be tendered out to a private developer in one contract. Creating a synergy effect, such an arrangement would allow a scalable RDE developments and a higher rental value when compared to splitting the developments into several parcels. For topside developments in Zone 2B, small building sites had been amalgamated to provide more efficient floor plates with a total GFA of over 1.4 million square feet. Given the larger floor plates provided, some of the commercial buildings to be constructed in Zone 2B could be developed as Grade A offices with higher rental value. Subject to the outcome of the market sounding out exercise, the topside developments of Zone 2B would be tendered out to one or two developers.

19. Some members urged WKCDA to expedite the development of Batch 3 ACF, including the Music Centre, located in Zone 2C⁹ upon

⁹ ACF in Zone 2C comprising three venues, i.e. the Music Centre, Great Theatre and Musical Theatre.

completion of the tendering process for the topside developments in Zone 2 and Zone 3B. They enquired when WKCDA would start the tendering process for the topside developments in Zones 2A and 2B, as well as about the financing plan and timetable for the development of the Music Centre. WKCDA advised that it planned to start the tendering processes for the topside developments in Zone 2A and Zone 2B in 2022 and 2023 respectively. The tendering process for commercial developments in Zone 3B comprising three commercial buildings (i.e. the AST) was targeted for commencement in the second half of 2021. The advance rental payments received from the developers concerned for the BOT tenders would help improve the financial situation of WKCDA. WKCDA further advised that the implementation programme of Batch 3 ACF, including the Music Centre, would be subject to the improved financial situation of WKCDA upon completion of the topside HOR/RDE developments in WKCD. WKCDA hoped that, with the incomes to be received from the BOT tenders of topside HOR/RDE developments in the coming years, the development of Music Centre could commence upon the completion of the Lyric Theatre Complex.¹⁰ That said, the Performing Arts Committee of WKCDA had already started the preparation work for the development of the Music Centre, including hiring of consultancy services to conduct studies on the acoustic requirements of the Centre.

Financial position of the West Kowloon Cultural District project

20. Members have all along expressed concern about the critical financial challenges faced by WKCDA 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. At its meeting on 3 May 2021, the Joint Subcommittee received a briefing from WKCDA on the latest financial position of the WKCD project.

21. Members noted with concern that while WKCDA had achieved substantial reduction in operating expenses ("OPEX") and higher than expected investment return for the Financial Year ("FY") 2020-2021,¹¹ it would still face a significant operating deficit in the coming years. Members enquired whether and when WKCDA would seek additional funding from the Government to support its operation, and when the Authority would be able to achieve a break-even position.

¹⁰ The Lyric Theatre Complex is located in Zone 3B of WKCD.

¹¹ For FY2020-2021, total OPEX of WKCDA amounted to \$901 million, a reduction of more than \$400 million (or 32%) from last year's estimate of \$1,333 million. The reduction in OPEX was accompanied by a 19% (or \$64 million) increase in operating income, from \$346 million in the original estimate to \$410 million in the final outturn.

22. WKCDA advised that its OPEX would continue to increase following the opening of M+, HKPM and the Lyric Theatre Complex in the coming years. In view that a majority of the income-generating projects such as the HOR, RDE and ACE developments in WKCD would not be realized in the near future, there had been a prolonged mismatch in the timing of cashflow and thereby resulting in deterioration in the operating deficit. In preparing the FY2021-2022 Business Plan and FY2021-2022 to FY2023-2024 Corporate Plan, the Authority had not factored in the incomes to be received from the various BOT tenders because of the uncertainties of the post-pandemic market situation. The Authority would be in a better position to update the financial projections after the successful tendering of the first BOT package in the second half of 2021. While the Authority would continue to contain cost, more emphasis would be put on revenue generation in the years ahead.

23. The Administration further advised that under the EFA for WKCD announced in 2017, it was projected that WKCDA might have shortfall in cashflow in the years between 2022 to 2024, and WKCDA needed to explore various financing options by leveraging its development right of the entire HOR portion of WKCD, before the HOR developments could provide WKCDA with a steady source of recurrent income, to support the operation of its ACF. Under WKCDA Ordinance (Cap. 601) ("WKCDAO"), WKCDA might, with the approval of the Financial Secretary, borrow from the Government, or otherwise raise moneys in the market. WKCDAO also provided that the Legislative Council's authorization was required for the Financial Secretary to grant on behalf of the Government guarantee for WKCDA to borrow.

Connectivity of West Kowloon Cultural District with its neighbouring districts

24. Connectivity and accessibility are two of the seven key planning and design principles of the WKCD DP. During the session, the Joint Subcommittee was briefed on the implementation progress of projects that would improve the connectivity of WKCD with its neighbouring districts. The Administration also briefed the Joint Subcommittee on the progress of the provision of public infrastructure works ("PIW"), such as roads, bridges, drainage, sewage and other ancillary facilities, to support the whole WKCD. At its meeting on 1 March 2021, the Joint Subcommittee considered a funding proposal for carrying out PIW for WKCD, Phase 1 – Fourth Construction Package of WKCD which included, among others, the construction of the

Southern Landing Facility ("SLF") for vessels and modification of existing seawall.¹²

25. Whilst expressing support for the funding proposal, members enquired about the consideration of the Administration in providing the proposed SLF in WKCD and the reasons for its high construction cost (i.e. \$147.8 million in money-of-the-day prices). The Administration and WKCD advised that the proposed SLF could supplement land transport and could help improve the overall accessibility of WKCD with the provision of different means of public transport. Located at the southern coastal part of WKCD, the Lyric Theatre Complex, M+, Freespace and the Art Park were at a distance away from MTR Kowloon Station in terms of walking distance. Upon completion, the proposed SLF would be one of the calling points of water taxi which would facilitate visitors' access to the above venues by water transport and help expedite visitor flow during peak hours. On the construction cost of the proposed SLF, the Administration explained that the waterway near the southern coast of WKCD was a major navigation channel towards the China Ferry Terminal in Tsim Sha Tsui. To avoid affecting the marine traffic of the said waterway, the proposed SLF was required to be built at the coast of WKCD, thereby incurring extra construction cost for modification of the existing seawall. The temporary diversion of underground pipe lines of the site and provision of barrier-free facilities for SLF had further increased the construction cost.

26. Members were concerned whether there would be sufficient parking spaces for private cars and coaches in WKCD to cope with the expected surge in the number of tourists upon the opening of M+ and HKPM. They considered that WKCD should work together with the local travel industry regarding the coach parking arrangements in WKCD to avoid causing traffic congestion in the West Kowloon area due to coaches queuing up for parking spaces in WKCD.

27. WKCD advised that it planned to provide 20 additional pick-up/drop-off spaces for coaches in WKCD. It also planned to construct

¹² The entire PIW for WKCD, Phase 1 – Fourth Construction Package included (a) the construction of SLF for vessels and modification of existing seawall; (b) construction of the drainage, sewerage and water supply systems, including a drainage outfall, for Zone 2 of WKCD; (c) the associated road works, ancillary works (including utilities and electrical and mechanical works) and landscaping works; and (d) necessary environmental mitigation measures, as well as related monitoring and auditing works. The estimated cost of the proposed works was about \$425.2 million in money-of-the-day prices.

new parking areas for coaches in Zone 2B of WKCD¹³ in the long run. To cope with the transport demand arising from the increase in tourists' visitations upon the opening of M+ and HKPM, WKCD had been working with the Transport Department in formulating the relevant traffic arrangements with a view to diverting vehicle flow to WKCD and its nearby areas, and would continue to liaise with the local travel industry regarding the traffic and coach parking arrangements in WKCD to facilitate tourists in visiting WKCD.

Development of core arts and cultural facilities in batches

28. During the session, the Joint Subcommittee has continued to closely monitor the work of WKCD in the delivery of CACF in WKCD.

The Hong Kong Palace Museum

29. Scheduled for opening in mid-2022, HKPM is a collaborative project between WKCD and the Palace Museum ("PM") with capital cost fully funded by a donation of \$3.5 billion from The Hong Kong Jockey Club Charities Trust. At its meeting on 7 June 2021, WKCD updated the Joint Subcommittee on the progress of the hardware and software development of HKPM.

30. Members earnestly hoped that HKPM could contribute to the development of Hong Kong as a hub for arts and cultural exchanges between China and the rest of the world, as set out in the "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035". Noting that one of the positionings of HKPM was to offer a Hong Kong perspective and a global vision in presenting the finest objects from PM and other leading cultural institutions around the world by embracing new curatorial approaches, members enquired how HKPM could achieve such a positioning and whether there was any division of work between HKPM and PM in staging exhibitions of PM's objects with different curatorial approaches.

31. WKCD advised that pursuant to the new curatorial approaches, local contemporary artists would be invited to be the curators of some of the exhibitions in HKPM with a view to presenting exhibits with a Hong Kong perspective. While exhibits in PM in Beijing were interpreted primarily from a historical perspective, local artists would present the objects from multiple

¹³ According to WKCD, IBZ2 will provide over 1 300 car parking spaces, 26 coach parking spaces and more than 150 loading/unloading bays to support the operation of the topside developments.

perspectives with the application of multimedia technologies, and create new works in dialogue with the historical antiques and art works featuring Chinese culture. HKPM would also showcase PM's art treasures with new digital technologies to make the visitor experience inspiring, educational and engaging.

32. While expressing support for HKPM to adopt new curatorial approaches in presenting the finest objects from PM with a Hong Kong perspective and a global vision, and to develop international cooperation to achieve its mission of becoming a major global museum with international reach and impact, members considered that HKPM should remain mindful of its vital role in promoting Chinese culture and art to local young people to deepen their understanding of Chinese history and culture. Members also suggested that WKCD should step up publicity efforts and release details of HKPM exhibits in advance before its opening with a view to attracting public attention to HKPM.

33. WKCD advised that HKPM had confirmed with PM the list of over 800 loaned exhibits, which would be finalized following review and approval by relevant authorities in the Mainland. It was expected that the details of the exhibits could be announced to the public in due course. As the pandemic situation continued to improve, WKCD planned to stage a series of large-scale events in WKCD in the second half of 2021.¹⁴ These events, coupled with the openings of M+ and HKPM scheduled for November 2021 and mid-2022 respectively, could help draw public attention to the development of WKCD and drive visitations.

34. Some members enquired about the level of admission fee of HKPM, and were concerned whether HKPM could be operated in a self-financing mode. There was also a suggestion that a membership scheme targeted at different clienteles (e.g. corporate and individuals) should be set up to build HKPM's audience base. In anticipation of the large number of visitors to be received by HKPM, members called on WKCD to put in place effective visitor control measures, such as a booking system for admission that limited the duration per visit and the number of visitors per session, to ensure smooth visitor flow in the museum.

35. WKCD advised that in formulating the admission fee proposal of HKPM, the affordability and price sensibility of the public, as well as the

¹⁴ The events included live broadcasting of the opening ceremony of Tokyo Olympic Games and matches participated by Hong Kong athletes, and performances of "Cycling Piano".

financial sustainability of HKPM would be taken into account. Fee concessions would be offered to students, senior citizens and low-income families to encourage them to visit HKPM. While HKPM would have some sources of income from ticketing sale, sale of souvenir merchandise at the museum shop and revenue generated from the operation of its food and beverage facilities, it would be difficult for the museum to operate on a self-financing basis. Whilst HKPM would consider setting up a tiered membership scheme to help expand its audience base and improve its financial sustainability, it was the plan of WKCD to finance the operating deficits of performing arts venues and museums by revenues generated from commercial developments and RDE facilities in the long run. HKPM also aimed to achieve a certain degree of cost-recovery. Given that the annual number of visitors of HKPM was expected to reach two million in its first two years of operation, HKPM would be prudent in formulating the visitor flow control measures, including putting in place an admission booking system, to better protect the exhibits and ensure the safety of visitors, and to provide a comfortable environment for visitors to appreciate the exhibits and art programmes of the museum.

M+

36. M+ is the new museum for visual culture in Hong Kong within WKCD. Its focus is on 20th and 21st century visual culture, broadly defined, from a Hong Kong perspective, the perspective of now and with a global vision. At its meeting on 3 May 2021, WKCD updated the Joint Subcommittee on the progress of the hardware and software development of M+, including the latest arrangement about the opening of the museum in late 2021.

37. Members were concerned how M+ would handle those artworks in the M+ Sigg Collection that were alleged of being indecent or containing political messages; and whether such artworks would be included in the opening programmes of M+ or its regular exhibitions. They considered that WKCD should be mindful in selecting artworks from its collections for the opening programmes to make sure that the artworks displayed would not contravene the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("the National Security Law"). Members also considered that WKCD should give a detailed explanation to the public regarding the acquisition of the M+ Sigg Collection.

38. WKCD advised that M+ was undertaking a filtering process to filter out artworks that might not be suitable for minors (i.e. persons aged below 18)

to view from the M+ website in order to address public concern in this regard. WKCDA further advised that M+ had yet to finalize the details of the opening programmes. While M+ had about 8 000 pieces of artworks in its collections, some artworks were accessioned for research purpose only and would not be displayed in exhibitions. Being a public museum in Hong Kong, M+ would abide by the Basic Law, local laws and the National Security Law, and would uphold the highest professional standards. In handling its collections and exhibitions, M+ would base on research and uphold the strictest academic principles, and its curatorial work would be conducted in a professional, objective and balanced manner. When selecting the exhibits for the opening programme, M+ curatorial team would fully take into account the relationship of the artworks with the theme and background of the exhibitions, and would strictly comply with the above policies and principles.

39. On the acquisition of the M+ Sigg Collection, WKCDA explained that it reached a "part gift/part purchase" agreement with Uli Sigg in 2012 pursuant to which M+ would receive a donation of more than 1 400 Chinese contemporary artworks from Uli Sigg, and would further acquire 47 works from him for the sum of \$177 million. The valuation of the entire donation was around \$1.3 billion at that time, and had appreciated substantially since then. In fact, "part gift/part purchase" arrangement was a common international model for museums to acquire collections. The acquisition criteria, including guidelines regarding donations, was documented in the "M+ Acquisition Policy". The M+ Sigg Collection was recognized as the largest, most comprehensive and important collection in the world of Chinese contemporary art from the 1970s through the early 21st century. It also served as a catalyst in attracting other world's leading collectors to make donations to M+.

40. Some members suggested that M+ should step up its efforts on publicity and public education, including enhancing collaboration with schools in organizing more museum tours for students to enhance their knowledge and appreciation of visual arts. WKCDA advised that education was a core part of the work of M+. Over 530 teachers had participated in the educational activities organized by M+, and about 250 docents had been trained up to undertake education work for schools. It also planned to invite students from among the over 200 schools being collaborated with M+ to join the museum tours in the forthcoming school year. During the pandemic, M+ organized a series of online education workshops for schools, teachers, students and parents with a view to enhancing their understanding of the artworks of M+ Collections, which was essential to the building of audience base.

41. Noting that the outturn cost to complete the M+ project would be higher than the original contract sum of \$5.944 billion due to the significant delays caused by Hsin Chong Construction Company Limited ("HCC"), members were concerned about the final construction cost of the M+ project under the worst scenario. WKCD A advised that the employment contract of HCC under the M+ project was terminated due to its insolvency and inability to pay its sub-contractors and workers in 2018. WKCD A was now working its way through the contractual dispute resolution process with the joint provisional liquidators of HCC, and either party might consider progressing the dispute via arbitration. The final cost of the M+ project could be determined only after the expiry of the one-year defects liability period following the practical completion of the project and upon the completion of the entire dispute resolution process. As such, the Authority was not in a position to provide information about the final cost at this stage to avoid prejudicing its commercial position in the arbitration.

Development of cultural software

Audience building

42. Under section 4(2) of WKCD A O, WKCD A 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.

43. The Joint Subcommittee considered that nurturing of audience was pivotal to the success of the WKCD project. In this connection, members expressed support for WKCD A to further promote online arts performance programmes and initiatives which could help facilitate audience building, and urged WKCD A to step up publicity and promotion in this regard. Some members suggested that WKCD A should strengthen promotion strategies on popular social media platforms in the Mainland, such as WeChat, and invite famous Hong Kong artists to participate in the relevant promotion work with a view to enhancing the presence of WKCD programmes and building its audiences in the Mainland.

44. WKCD A advised that with the use of online streaming during the pandemic, WKCD's performing arts programmes were able to reach audiences from around the world, including those in the Mainland, which could help promote the branding of WKCD. In view of the great potential of the Mainland market, WKCD A planned to launch a new e-commerce platform in

the Mainland for audiences and customers to purchase tickets of arts programmes and WKCD's souvenirs and cultural merchandises. One option being explored by WKCD was to partner with well-developed e-commerce companies in the Mainland in establishing the new platform to promote programmes and activities of WKCD. WKCD would also collaborate with the Hong Kong Tourism Board in launching a campaign in the fourth quarter of 2021 to promote the comprehensive arts and cultural visiting experience offered by WKCD to overseas and Mainland tourists, in particular those in the Greater Bay Area.

Promoting the development of Arts Tech

45. During the session, members were briefed on the progress of development of performing arts and venue operation of WKCD. Noting that the Administration had earmarked \$100 million for promoting the development of Arts Tech as announced in the 2020 Policy Address, members enquired about the plans to be implemented by the Administration and WKCD in this regard. Some members opined that hardware development, nurturing of local talents and funding for research were the three core elements in promoting the development of Arts Tech in Hong Kong, and considered that the current amount of funding of \$100 million earmarked by the Administration for the said purpose was far from sufficient. There was a suggestion that the respective relevant bureaux should designate a certain percentage of their recurrent operating expenditure dedicated to the promotion of Arts Tech, and the Administration should draw up a specific three to five year's plan in this regard. Members also considered that WKCD, being the core arts and cultural infrastructure in Hong Kong that equipped with latest facilities, should be a pioneer in demonstrating the integration of arts and technology.

46. The Administration advised that it would serve as a facilitator through matching arts groups with the innovation and technology ("I&T") sector in promoting the development of Arts Tech. The funding of \$100 million being earmarked from the funds and schemes managed by relevant bureaux was designated for application by individuals and organizations to implement initiatives that aimed at promoting the application of Arts Tech. The Administration considered the size of the funding appropriate at this initial stage, and would continue to allocate resources for nurturing of talents and supporting research in Arts Tech-related areas through other channels. WKCD advised that WKCD had the vision to play an important role in respect of promoting Arts Tech development in Hong Kong. Both M+ and HKPM would incorporate multimedia technologies in some of their exhibitions to offer a new experience to visitors. WKCD would invest in

more cutting-edge Arts Tech hardware to be installed in WKCD performing arts venues to facilitate the application of technology in performances, and would explore the application of Arts Tech in programmes and performances through collaborations with the local I&T sector. WKCD would also cooperate with higher education institutions and arts organizations to nurture more local talents in the area of Arts Tech.

Measures to support the arts and cultural sector during the Coronavirus Disease – 2019 pandemic

47. During the session, the Joint Subcommittee was briefed on the measures implemented by WKCD in supporting the community, in particular the arts and cultural sector, amid the COVID-19 pandemic. Members expressed concern about the difficulties faced by tenants of food and beverage outlets of WKCD, in particular those operated at the Xiqu Centre, and suggested WKCD continue providing rental relief for the tenants concerned beyond the rental concession period offered by the Authority. WKCD advised that the Authority had granted altogether three times of rental concession for a total of 16 months since June 2019 to WKCD's tenants. Taking into consideration that the business of the food and beverage outlets at the Xiqu Centre was hard-hit by the COVID-19 pandemic as no on-site performances could be staged there under related anti-epidemic measures, WKCD would continue to render assistance to the relevant tenants by, among others, the offering of rental concession.

48. Expressing concern about the hardship encountered by arts practitioners and artistic groups as a result of cancellations of on-site performances due to the COVID-19 pandemic, members advised that the Administration should explore alternative arrangements, such as broadcasting live or pre-recorded performances on various online platforms, to enable the public to continue to enjoy arts and cultural programmes while generating income for arts practitioners and artistic groups. Some members considered that the Administration and WKCD should strengthen support for arts practitioners and artistic groups to present their performances via online or other platforms.

49. WKCD advised that while performing arts venues at WKCD had been temporarily closed during the pandemic, maximum flexibility had been offered to venue hirers so that they could reschedule and rescope their bookings/events. The Authority had explored different arrangements, including providing livestreaming and recorded broadcast, as well as displaying digital content for performing arts and visual arts programmes, and had enhanced publicity on these arrangements during the COVID-19

pandemic. The Authority would also work out a viable business model for delivering programmes online.

50. Noting that only 13 projects out of more than 360 applications were funded by the Arts Relief Scheme 2020 ("the Scheme"),¹⁵ members enquired whether WKCDA would consider providing support for more applications under the Scheme. WKCDA advised that the Scheme was launched in 2020 with a view to providing time-limited relief to the arts and cultural sector amid the COVID-19 pandemic. Apart from the Scheme, the Anti-Epidemic Fund and the Home Affairs Bureau had allocated additional funds of over \$170 million to assist the arts and cultural sector during the pandemic. Given its tight financial position, WKCDA was unable to offer long-term relief measures.

Collaborating with other authorities of the Guangdong-Hong Kong-Macao Greater Bay Area in respect of arts and cultural development

51. Members considered that WKCDA should seize the opportunities in the development of the Greater Bay Area to promote the industrialization of the arts and cultural industry, and to nurture more local young talents with working experience in the arts and cultural sector in both the Greater Bay Area and Hong Kong. WKCDA advised that the Culture and Tourism Development Plan for the Greater Bay Area recently announced by the Ministry of Culture and Tourism and the People's Government of Guangdong Province put forward the development of WKCD (including HKPM) as major cultural facilities in the Greater Bay Area. With the opening of M+ and HKPM in the near future, the Authority would collaborate with the Government to build up the brand of WKCD in the Mainland, in particular in the Greater Bay Area, through the promotion of these world-class facilities and cooperation with their counterparts in the Greater Bay Area. WKCDA would also be able to launch more internship/exchange programmes to promote exchanges between young people in Hong Kong and the Mainland, including the Greater Bay Area, in the area of arts and culture following the opening of M+ and HKPM.

¹⁵ In line with the Government's call to show solidarity with the public in times of adversity, WKCDA's senior executive team made a voluntary deduction of 10% of their monthly salary during the period from 1 April 2020 to 31 March 2021 to support the local arts and cultural community affected by the pandemic. Together with the generous donation from Mr Henry TANG Ying-yen, Chairman of the WKCDA Board, the Scheme, with total funding amounting to around \$3 million, was set up to provide time-limited support and relief to the arts and cultural sector.

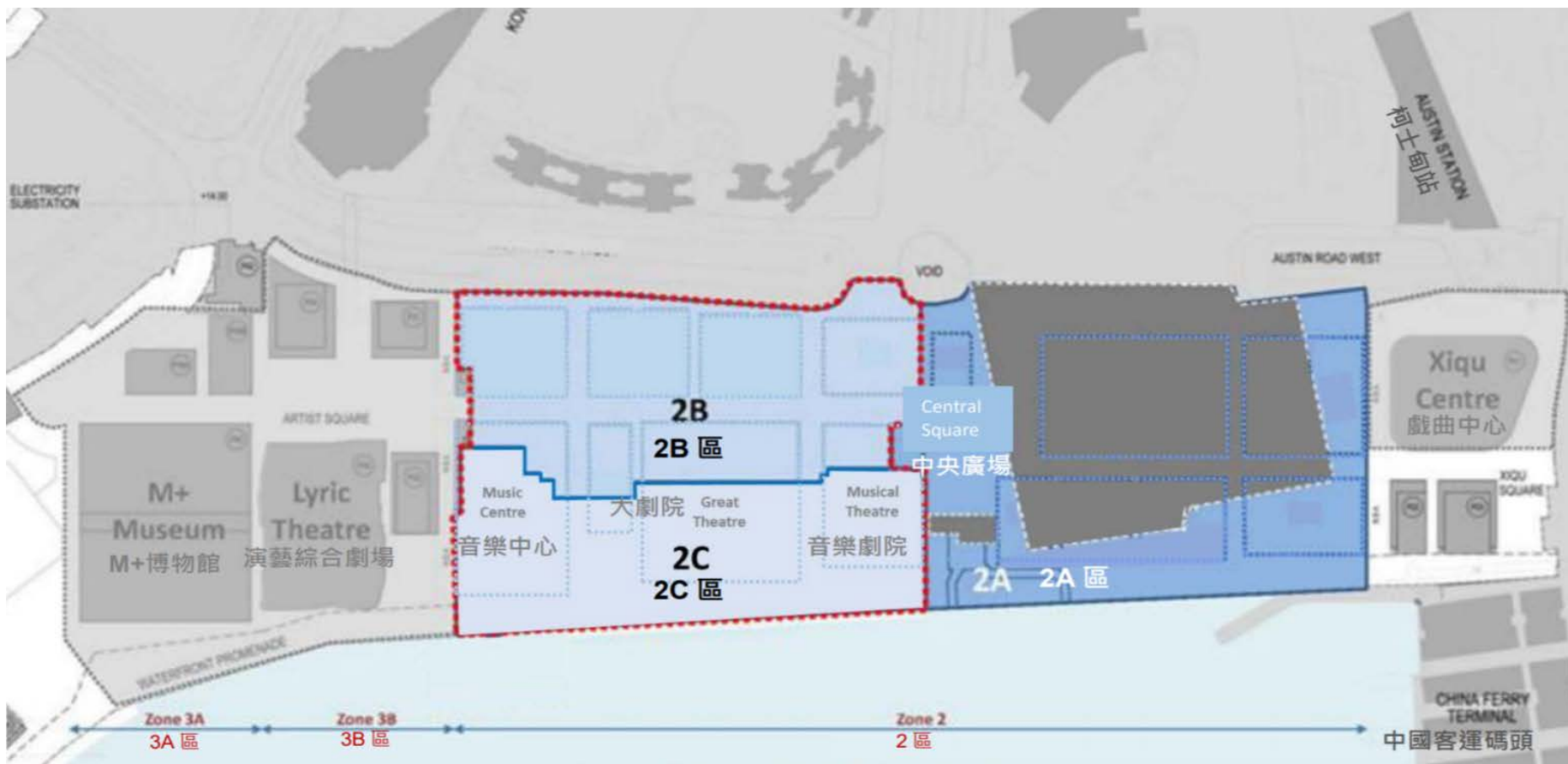
Advice sought

52. 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
15 October 2021

西九文化區綜合地庫

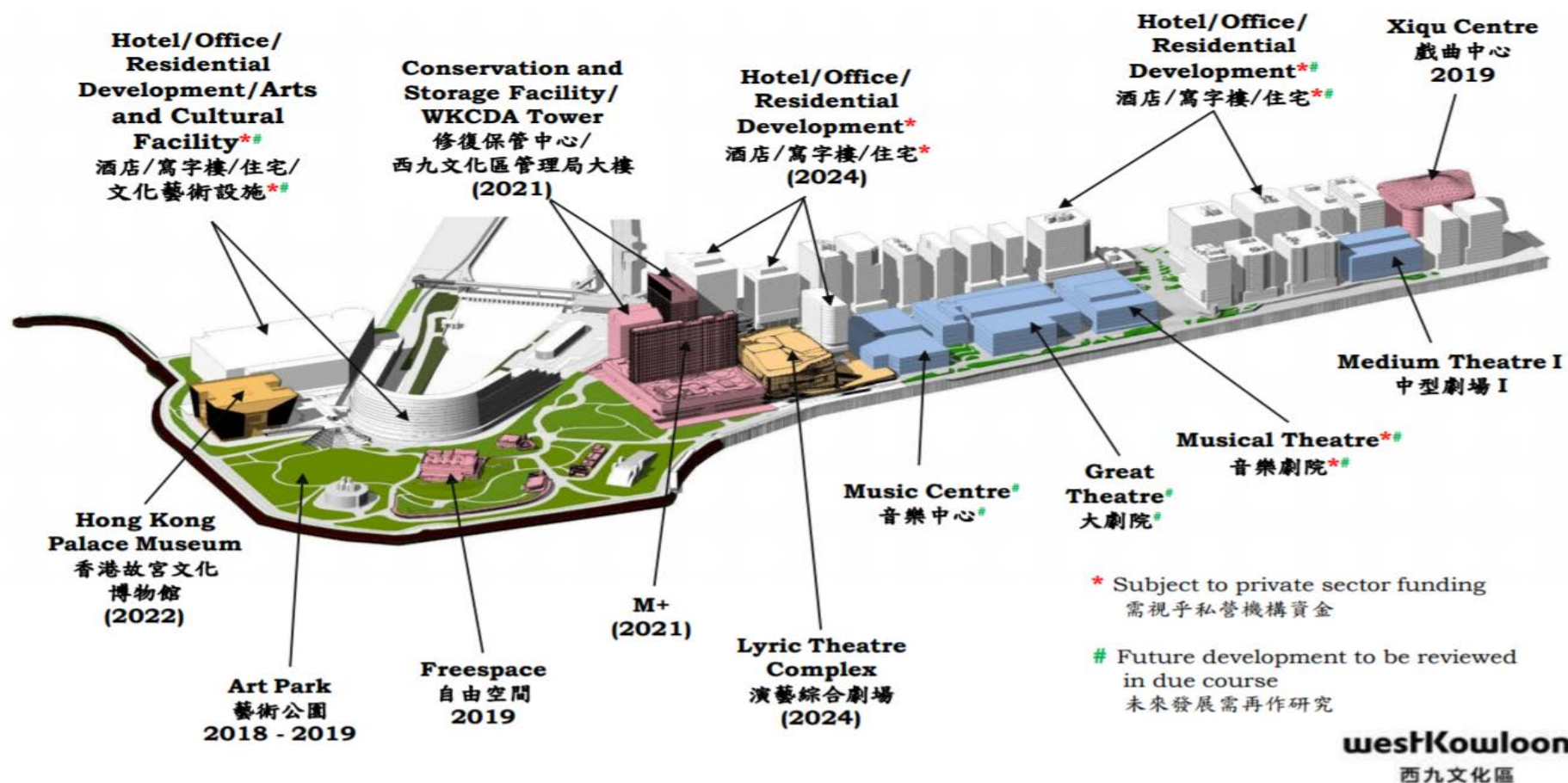
Integrated Basement of the West Kowloon Cultural District



資料來源：立法會 CB(1)960/20-21(03)號文件的附件 A

Source: Annex A to [LC Paper No. CB\(1\)960/20-21\(03\)](#)

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)403/20-21(01)號文件的附件一
Source: Annex 1 to LC Paper No. CB(1)403/20-21(01)

Appendix III

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
Arts Pavilion (previously called M+ Pavilion)	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+ and Conservation and Storage Facility	Achieved Practical Completion in February 2021, with opening of the Museum scheduled for the end of 2021
<i>Batch 2</i>	
Lyric Theatre Complex ("LTC") (including a Lyric Theatre, a Medium Theatre and a Studio Theatre) (note)	Main works in progress. Target to complete in 2024
Medium Theatre II (note)	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 the West Kowloon Cultural District Authority ("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 the West Kowloon Cultural District
Medium Theatre I	
Others	
Art, Commerce and Exhibitions	To be developed through Build-Operate-Transfer model with a U-shaped hotel, offices together with embedded retail/dining/entertainment facilities and an adjacent Exhibition Centre Tender withdrawn in August 2020 as tender response was not as positive as expected due to uncertain market economic outlook amid the Coronavirus Disease – 2019 pandemic and the changing market demand for exhibition venue. The way forward is being reviewed by WKCDA
Hong Kong Palace Museum	Construction of superstructure commenced in April 2019 and the building structure completed in November 2020, with the Occupation Permit on track to be granted in July 2021 for opening in mid-2022
WKCDA Tower	Achieved Practical Completion in February 2021
M+ Phase II	The need for these two facilities will be reviewed by WKCDA
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.

Source: Annex 2 to [LC Paper No. CB\(1\)826/20-21\(01\)](#)

Appendix IV

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 for the 2020-2021 session*

Chairman Hon LAU Kwok-fan, MH, JP

Members Hon Abraham SHEK Lai-him, GBS, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, SBS
Hon MA Fung-kwok, GBS, JP
Hon Holden CHOW Ho-ding
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Hon Vincent CHENG Wing-shun, MH, JP

(Total: 8 members)

Clerk Ms Doris LO (Up to 21 February 2021)
Ms Connie HO (Since 22 February 2021)

Legal Adviser Miss Evelyn LEE

* Changes in membership are shown in the Annex

Annex to Appendix V

Panel on Development and Panel on Home Affairs

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

Changes in membership

Member	Relevant date
Hon Kenneth LAU Ip-keung, BBS, MH, JP	Since 1 March 2021
Hon YIU Si-wing, SBS	Since 3 May 2021
Dr Hon CHENG Chung-tai	Up to 25 August 2021

For **changes in LegCo Membership**, please refer to the link below:
(<https://www.legco.gov.hk/general/english/members/yr16-20/notes.htm>)