

Harbour-front Enhancement Committee

West Kowloon Cultural District Development

**Recommendation Report of Consultative Committee on the Core Arts and
Cultural Facilities of the
West Kowloon Cultural District**

Purpose

This paper sets out the recommendations of the Consultative Committee (“Consultative Committee”) on the Core Arts and Cultural Facilities (“CACF”) of the West Kowloon Cultural District (“WKCD”) and the financing arrangements, the Public Engagement (“PE”) Exercise, as well as the planning-related issues.

Recommendations of the Consultative Committee

2. The Consultative Committee and its three Advisory Groups, namely the Performing Arts and Tourism Advisory Group (PATAG), Museums Advisory Group (MAG) and Financial Matters Advisory Group (FMAG) were appointed by the Chief Executive in April 2006 to re-examine and re-confirm if appropriate the need of the CACF, and to assess the financial implications. Over a period of 15 months, the Consultative Committee and its three Advisory Groups had gone through a protracted and extensive series of consultations and deliberations with the local arts community and related parties in drawing up the recommendations. They had also taken into account views from overseas experts (through experience-sharing sessions in Hong Kong and an overseas visit programme) and three consultancy studies during the process. The Consultative Committee’s recommendations on the CACF are effectively a broad consensus reached with the local arts community. The proposed financing arrangements, which were drawn up with regard to the results of a financial consultancy study, seeks to ensure the provision of a stable funding for the arts and cultural development in the WKCD, and that the facilities could operate on a self-sustainable basis. A copy of the Executive Summary of the Recommendation Report of the Consultative Committee is at the **Annex**. Members can also obtain the full versions of the

Report and other related documents on the website www.hab.gov.hk/wkcd.

Vision and Objectives of the WKCD

3. The Consultative Committee considers that WKCD is an important strategic investment in culture and the arts for the future of Hong Kong; it should be an integrated arts and cultural district with world-class arts and cultural facilities, distinguished talents, iconic architectures and quality programmes with a must-visit appeal, capable of making Hong Kong an international cultural metropolis.

CACF

4. The Committee recommends that the CACF should include 15 performing arts venues for different art forms, a forward-looking cultural institution entitled M+ focusing on 20th-21st century visual culture, an exhibition centre according priorities to uses relating to the arts, culture, creative industries and events/activities associated with the WKCD and piazza areas with a total site area of at least 3 hectares. They should be suitably clustered to create synergy, and integrated with commercial facilities to attract people flow and tourists. The overall planning of the arts and cultural facilities should be integrated with the neighbouring areas to cultivate appropriate ambience.

Planning-related Issues

5. The Consultative Committee recommends that WKCD (**Plan 1**) should be developed as a low-density development with ample open space embracing a vibrant harbourfront for public enjoyment. WKCD should also be closely connected with its neighbourhood community, as an open and accessible public place for the citizens and their families to enjoy and relax. With these considerations, the financial implications of the proposed arts and cultural facilities were assessed on the basis of the following development parameters -

- (a) maximum overall plot ratio for the whole WKCD site at 1.81, giving a total Gross Floor Area (GFA) of 726 285 m²;
- (b) a cap on residential development at no more than 20% of the total GFA of the WKCD;
- (c) new building height restrictions for developments in the WKCD

proposed by the Planning Department on the basis of Chapter 11 of the Hong Kong Planning Standards and Guidelines (HKPSG) promulgated in November 2003 — ranging from 50 to 100 mPD; and

- (d) a total of 23 hectares of public open space including waterfront promenade and 3 hectares of piazza, most of which is at ground level.

Public Engagement Exercise

6. The Government launched a Public Engagement (PE) Exercise following the announcement of the recommendations of the Consultative Committee on 12 September 2007. The primary objective of the PE Exercise is to enable the general public and various concerned sectors to understand the recommendations and express views on them. To this end, the Government is proactively engaging the public and the relevant sectors through various channels. We have been organising a series of open public forums and briefing sessions for different sectors. Public views collected will be collated and analysed by a research institute engaged by the Government. Members can also obtain full copies of the Recommendation Report of the Consultative Committee and related information, as well as other details of the exercise on the website www.hab.gov.hk/wkcd. The PE exercise will last for three months.

Master Layout Plan for the WKCD

7. If the Consultative Committee's recommendations are met with broad support from the community, we would proceed to implement the proposals, starting with the setting up of the WKCD Authority through enactment of legislation to take over from the Government the overall master planning of the WKCD project and the planning of individual facilities. Subject to the public views on the proposed development parameters (i.e. plot ratio of 1.81, residential GFA not to exceed 20% of the total GFA, open space provision and building height restrictions) received during the PE exercise, the statutory process under the Town Planning Ordinance will be initiated to amend the draft South West Kowloon Outline Zoning Plan (SW Kowloon OZP) to include the proposed development parameters for the WKCD development outlined in paragraph 5 above as statutory requirements. In line with the Consultative Committee's recommendations, the WKCD Authority will be charged with the responsibility of drawing up a master layout plan (MLP) for the whole WKCD in accordance with the parameters and conditions stipulated in the amended SW Kowloon OZP. It is expected that the WKCD Authority will extensively consult relevant sectors of the community and the public in preparing the MLP. To ensure that the Town Planning Board (TPB)

will continue to play an important role in the development of the WKCD, it is intended that the SW Kowloon OZP should include a statutory provision requiring the WKCD Authority to submit the MLP to the TPB for approval. Any subsequent amendments to the MLP shall also require submission to the TPB for approval.

Advice Sought

8. Members are invited to note the Report of the Consultative Committee, the PE Exercise, and the planning-related issues.

**Home Affairs Bureau
October 2007**

**Recommendation Report of the
Consultative Committee on the
Core Arts and Cultural Facilities of
the West Kowloon Cultural District**

Executive Summary

Background of the West Kowloon Cultural District Project

- 1.1 The idea of developing the site of West Kowloon Reclamation into an arts and cultural district was first mooted and discussed in the late 1990s. In April 2001, the Government formally launched an international Concept Plan Competition to invite conceptual proposals for the development of the West Kowloon Reclamation into an integrated arts, cultural and entertainment district.
- 1.2 Following the selection of the winning entry in February 2002, the Government established the Steering Committee for Development of West Kowloon Cultural District (WKCD) in September 2002 to take forward the project using the winning entry as the basis of developing masterplan.
- 1.3 In 2002-2003, Hong Kong was facing a chronic economic downturn arising from the Asian financial turmoil with a very tight fiscal situation, which was made even worse by the outbreak of SARS. Under these circumstances, it was concluded that the best way to implement the project was to tap private investment. Accordingly, the Government decided to launch an Invitation for Proposals for developing the WKCD in mid-2003, so as to generate market-driven private sector financing to take forward the project. The idea was well received at that time and the Government was urged to take forward the project with determination.

- 1.4 Following the close of the IFP in mid-2004, the economy had begun to recover and people became much more concerned about the quality of the living environment, and expressed a greater desire to participate in public affairs. Despite previous consultations before launching the IFP, the community started to express diverse views over different aspects of the IFP, particularly about the single development approach, the lack of control over plot ratio, the mandatory provision of a huge canopy and insufficient consultations with the arts and cultural sector. In order to obtain further feedback on the three screened-in proposals, the Government organized a public consultation exercise from December 2004 to June 2005. The results revealed that the general public was still in support of the early implementation of an arts and cultural district in West Kowloon. However, there was considerable resistance against the single development approach and the high density development put forward by the Proponents, and a general preference for a dedicated non-profit-making statutory body to oversee the project.
- 1.5 In response to public views, the Government announced in October 2005 that additional development parameters would be imposed on the original IFP. However, none of the Proponents gave a clear and positive interest in continuing to pursue the WKCD project under these parameters. In view of the fact that it would not be realistic to meet public aspirations on the one hand and provide sufficient market appeal on the other, the Government decided to discontinue the IFP process in February 2006.
- 1.6 In order to lay a solid foundation for plotting a new and alternative route to develop WKCD, the Chief Executive appointed the Consultative Committee on the Core Arts and Cultural Facilities of the West Kowloon Cultural District and its three Advisory Groups (namely Performing Arts and Tourism Advisory Group (PATAG), Museums Advisory Group (MAG) and

Financial Matters Advisory Group (FMAG)) in April 2006, to re-examine and re-confirm if appropriate the need of the Core Arts and Cultural Facilities (CACF) for the WKCD.

Work of the Consultative Committee and Its Three Advisory Groups

- 2.1 The Consultative Committee invited the three AGs to first submit their respective recommendations on CACF and their financial implications, such that it could take a holistic view of the whole exercise.
- 2.2 PATAG and MAG respectively conducted a consultation exercise from May to June 2006 to solicit views from experts, stakeholders and the general public on the need for and major requirements of the CACF. Views received indicated that the public urged for the early implementation of the project, requested to put more investment in cultural software, and commented on some technical issues relating to various CACF proposed.
- 2.3 Furthermore, MAG invited six museum experts from Australia, USA, Japan and France to exchange views and share experience in museum planning and management. MAG also organized a delegation in mid-July 2006 to visit over 10 museums/related organizations in London, Paris, New York and San Francisco. A study was also conducted to explore the relationship between the arts and cultural facilities in WKCD and the development of creative industries in Hong Kong.
- 2.4 In order to enhance the understanding of and solicit consensus from stakeholders on its recommendations, MAG held eight tea gatherings in early 2007 with interested parties and individuals, and one briefing for postgraduate students in the relevant disciplines in major universities to explain the philosophy and framework behind **M+** (or **Museum Plus**), the cultural

institution recommended by MAG to be established in WKCD. Similarly, PATAG held three tea gatherings to brief relevant groups on PATAG's recommendations in June 2007.

- 2.5 To facilitate the work of FMAG, the Government engaged a Financial Advisor in August 2006 to explore various PPP options and develop the financial model of the project based on inputs from other AGs and relevant Government departments. The Government Economist was also invited to conduct an Economic Impact Assessment on the WKCD project.
- 2.6 Having received and carefully considered recommendation reports from PATAG, MAG and FMAG, the Consultative Committee has taken a holistic view of what kind of CACF should be provided in WKCD, as well as the most appropriate and financially feasible approach to be adopted in developing the WKCD project with reference to its vision and objectives.

Key Considerations

- 3.1 In re-examining the original CACF, the Consultative Committee and its three AGs have taken into account a number of key considerations in developing the recommendations:

- 3.2 Government's Policy on Culture and the Arts

The policy objective is to create an environment which is conducive to the freedom of artistic expression and creation, and the wider participation in cultural activities. The policy comprises the following four major elements:

- respect freedom of creation and expression
- provide opportunities for participation
- encourage diversified and balanced development

- support environment and conditions (venues, funding, education and administration)

This policy is in line with the core values of Hong Kong as a free, diversified and open society. As a facilitator, the Government will neither impose an official definition on culture and the arts, nor influence the specific operation of artistic creation or contents of creativity. Instead, the Government is committed to upholding the freedom of cultural and artistic creation and expression, as well as providing an environment that keenly supports the development of culture and the arts.

3.3 WKCD is an arts and cultural project

WKCD should be developed as a major initiative to implement our existing policy on culture and the arts. Investment in culture and the arts is not entirely demand-led, but is more supply-led and vision-driven, while being mindful of prudent financial principles over the commitment of public resources.

3.4 Current Provision of Arts and Cultural Facilities, and Long-term Infrastructure Needs

No new public performance venue has been built in Hong Kong since 2000, and no major territory-wide, purpose-built performing arts (PA) venue has been built since the completion of the Hong Kong Cultural Centre in 1989. On the other hand, in the past ten years, the local arts and cultural sector remains vibrant and pluralistic despite the ups and downs in the economy, with increasing number of performing arts groups, programmes and audience.

As a result, there has been an acute shortfall in supply relative to increasing demand for centrally located performing arts venues. This shortfall has compelled many renowned overseas long-run productions to drop their plan to stage performances in Hong Kong, hence

depriving local audience from appreciating more quality performances; made it difficult for good productions to become financially viable, hence adversely affecting the versatility and healthy growth of creative industries in Hong Kong; and adversely affected the development of new, budding and small-scale arts groups. There has also been a strong advocacy for a dedicated venue for Cantonese opera.

On the museum front, there is insufficient museum space and a lack of “flagship” museums with impressive architectural design to showcase the cultural characteristics of Hong Kong and the region, particularly on modern/contemporary arts and culture. This has consequently blurred the vision and the role of relevant museums.

3.5 Growth and Development of Cultural and Creative Industries

Museums and performing arts could function as an instrument of growth for creative industries, especially in improving the ecology of creative industries from a macro point of view. Museums and performing arts generate input of research, creative and artistic ideas with less market considerations, and act as a platform for exchange and co-operation where creative practitioners network through performances, exhibitions, conferences, symposiums and exchange activities. On the output side, museum and performing arts events offer artistic experiences to the public through exposure to the works. Museums and performing arts also play an important role in marketing creative products. Museums, performing arts and creative industries are part and parcel of the development of a vibrant cultural scene. They would in turn be conducive to a city’s economic development, social stability and overall competitiveness and help the city better position itself in the trend of globalisation.

3.6 Leisure and Tourism Benefits

A successful WKCD would definitely become a major tourist attraction. The tourism sector has indicated that they are eager to see the early implementation of the WKCD project, for Hong Kong has the risk of losing its competitive edge to our neighbouring cities. The impact of WKCD could be maximized if the software of the tourism and arts and cultural sectors could have further co-operation and linkages.

3.7 Connectivity of WKCD with the Local Community and its vicinity

The planning and conceptual development of the WKCD should take account of the unique and vibrant culture and spirit of the local community in its vicinity. Efforts should also be made to ensure that the arts and cultural facilities represent a 'common wealth' accessible and affordable to the local district-based arts and cultural groups, and the public at large, especially residents in the surrounding community.

Recommendations of the Consultative Committee (taking into account recommendations of the three AGs)

The Vision of WKCD

- 4.1 The Consultative Committee considers that in any modern knowledge-based economy, **public expenditure on culture and the arts should be regarded as an investment as important as any other major forms of investment.** It contributes to freedom and diversity of expressions, creativity and innovation, community building and development, as well as social harmony and cohesiveness, which should and could not be evaluated only or mainly in terms of financial returns. In addition, investment in culture and the arts should not just be for the purpose

of meeting an established market demand, but should also be forward-looking and vision-driven. WKCD is such an investment in culture and the arts.

4.2 WKCD is ***more than a physical congregation and clustering of arts and cultural facilities***. WKCD should as its vision strive to be -

- (a) an ***integrated arts and cultural district*** providing quality culture, entertainment and tourism programmes with a must-visit appeal to both local residents and visitors from the rest of the world;
- (b) a major initiative to ***meet the long-term infrastructure needs of Hong Kong's arts and cultural development***;
- (c) a driving force to foster ***organic growth and development of culture and creative industries***;
- (d) a ***cultural hub for attracting and nurturing talents***, and for international cultural exchange and co-operation;
- (e) an ***impetus to improve quality of life*** through the provision of an accessible, open, spacious and vibrant harbourfront with diverse arts, cultural and entertainment facilities and activities for public enjoyment; and
- (f) a ***cultural gateway to the Pearl River Delta*** by virtue of its strategic position in the planned rail network between Hong Kong and the Mainland.

Recommendations on CACF

- a) **An optimal mix of arts and cultural facilities with suitable phasing and land reserved for organic growth**

- 4.3 On performing arts (PA) facilities, the Consultative Committee recommends to provide a total of 15 performing arts venues of various types and sizes targeting different art forms. They comprise 12 venues during Phase 1 (around 5-6 years from project commencement period) and another 3 venues during Phase 2 (dependent on demand after facilities in Phase 1 have come into operation).
- 4.4 Taken together, the PA venues account for an increase of 37% over the total seating capacity of Hong Kong's performing venues. This combination of large and small performing venues could fulfill the purposes of enhancing artistic quality, meeting established demand, filling market gaps, and nurturing young and budding artists. The proposed development mode for each of the venues has been tailored to the long-term development needs of the relevant art forms in the local performing arts sector.
- 4.5 Of the 15 proposed performing arts venues, the Concert Hall and Chamber Music Hall should be co-located in a free standing structure with iconic architecture; the Xiqu Centre should also be built with iconic architecture; Great Theatre and the Mega Performance Venue should also be free standing. The remaining facilities should be suitably clustered to achieve synergy and efficiency gains.
- 4.6 The future management bodies of the PA venues in WKCD should seek to build up the artistic character of each venue, manage the venues in close partnership with the performing arts groups, and present programmes to enhance artistic quality.
- 4.7 To maximize the tourism impact from the PA venues, the PA and other arts-related facilities should be suitably clustered together with the commercial, catering and retail facilities with a well-thought through master plan so as to create people flow and synergy. Moreover, the retailing mix should reflect

the character mix of WKCD as the cultural hub of Hong Kong.

- 4.8 As for museums, the Consultative Committee recommends to establish a new type of cultural institution entitled **M+** (**Museum Plus**) with its mission to focus on 20th – 21st century “visual culture”-a broadly categorized area with rich development potential.
- 4.9 “Visual culture” is a broad area that embraces many areas of shared interest. It refers to areas of culture that are founded on visual expressions and embrace a broad range of creative activity and experience that cross many media. Visual culture includes, therefore, not only visual art (such as installation, painting, photography and sculpture), but also architecture, design (such as fashion, graphic and product design), moving image (such as film, video and television) and popular culture (such as advertising and comics). The **M+** should seek to present 20th – 21st century “visual culture” broadly defined, from a Hong Kong perspective, the perspective of now, and with a global vision. Design, moving image, popular culture and visual art (including ink art) have been proposed as the initial broad groupings.
- 4.10 The governance structure of the **M+** should have appropriate safeguards to ensure curatorial independence and management autonomy.
- 4.11 Having regard to the need to ensure that the development and operation of the WKCD would be financially sustainable within the 40-hectare WKCD site, the Consultative Committee recommends to reduce the on-site NOFA of **M+** by 30%, and fine-tune the phasing of the development of the scaled down **M+** in two phases at a 70%/30% ratio, without unduly compromising on its intended objectives. The

resultant GFA for **M+** would become 78 750 sq. m., comprising 61 950 sq. m. on-site area and 16 800 sq. m. off-site area. This on-site GFA is split into 43 365 sq. m. for Phase 1 and 18 585 sq. m. for Phase 2 according to the 70%/30% ratio. The resultant size of **M+** would still be comparable to renowned museums overseas such as the Museum of Modern Art in New York and Tate Modern in London. This would amount to a substantial increase by 52% of the total space provision of all the existing public museums in Hong Kong.

- 4.12 The Consultative Committee also recommends to set up an interim **M+** possessing similar functions as the permanent **M+** although in a much smaller scale during the interim period. The interim **M+** would be a platform for training of professional staff, as well as providing arts education to the public. It would also conduct researches and build up the collection with a view to laying a solid foundation for **M+**.
- 4.13 The Consultative Committee also recommends the provision of an Exhibition Centre (“EC”) in WKCD. The EC should give priority to uses relating to arts, culture, creative industries and events/activities related to WKCD. The EC should have a separate identity from the **M+**.

4.14 A summary table setting out the recommended CACF is appended below -

(I) Performance Venues

Category (Phase I)	Seating Capacity	Main Purposes
Mega Performance Venue	15 000 (max)	mega events, large scale entertainment shows, pop concerts
A Great Theatre	2 100 to 2 200 (Total: 2 200) (max)	suitable for long-run overseas productions, as well as Chinese and Western opera, drama, ballet, modern dance, musical, children's performances etc.
Two Medium-sized Theatres	500 to 800 each (Total: 1 600) (max)	drama, musical, dance, suitable for local productions
Four Blackbox Theatres	150 to 250 each (Total: 1 000) (max)	experimental/avant-garde performances, budding artists' production, comedy shows, children shows etc.
A Concert Hall	2 000 (max)	orchestral music
A Chamber Music Hall	800 (max)	chamber music, jazz, piano or violin recital etc.
A Xiqu Centre [戲曲中心] (performance venue) (small theatre)	1 400 (max) 400 (max)	Cantonese opera, other forms of Chinese opera and musical performances
Piazza Areas	at least 30 000 m ²	mega outdoor events, circus, commercial events, concerts
Total :	24 400 (max) (Phase I)	
Category (Phase II)	Seating Capacity	
• A Great Theatre	1 900 (max)	
• Two Medium- sized Theatres	800 each (1 600) (max)	
Total :	27 900 (max) (Phases I & II)	

(II) Museum Facilities

Category	Area	Concept
<ul style="list-style-type: none"> • To have a cultural institution with museum functions (called M+, or Museum Plus) on visual culture of the 20th to 21st century • The initial broad groupings include <ul style="list-style-type: none"> - Design - Moving image - Popular culture - Visual art (cover ink art) 	<p>Gross Floor Area (GFA) – 78 750 m² comprising</p> <p>(On site : 61 950 m² Off site : 16 800 m²)</p> <p>The development of M+ would be phased – two-thirds of net gallery area are to be provided in the first phase and the remaining one-third to be provided in subsequent phases.</p>	<p>A forward looking institution, to present visual culture of the 20th and 21st century from a Hong Kong perspective, the perspective of now and with a global vision</p>
<p>An Exhibition Centre</p>	<p>NOFA – 10 000 m²</p>	<p>A self-financed venue with focus on arts, culture, creative industries and WKCD-related activities</p>

b) Iconic Institutions and New Modes of Governance

4.15 The Consultative Committee considers it appropriate to develop three of the CACF as iconic architectures by organizing a competition by invitation—the **M+**, the Xiqu Centre and the Concert Hall/Chamber Music Hall. They would serve as the symbolic and anchor buildings in the WKCD to enhance its aesthetic appeal to both local residents and visitors from all over the world.

4.16 The Consultative Committee recommends that all of the CACF would be managed and operated with new modes of governance with institutional autonomy outside the Government structure. Different types of CACF will possibly be operated in different approaches. The adoption of new modes of governance would bring the management and governance of CACF in WKCD into line with international practices.

c) Clustering of Venues and Integration with Commercial Facilities

4.17 All the CACF should be suitably clustered to achieve synergy and efficiency gains, with the exception of the above three, which should be stand-alone structures due to their functions, iconic design and specific image. The CACF should also be integrated with the retail/dining/entertainment (RDE) facilities in the WKCD wherever appropriate, so as to create synergy and attract people flow both during the day and at night. Space should also be set aside around CACF for facilities to develop and promote creative industries in the WKCD such as publishing, advertising, design, visual arts and cinema studios etc.

4.18 Accessibility from and connectivity to the neighbouring community have to be assured through careful masterplanning, with provision for internal transport links.

d) Space reserved for arts education, international cultural institutions and cultural exchange and co-operation

4.19 The Consultative Committee recognizes the importance of arts education, nurturing talents and arts groups, as well as cultural exchange in the WKCD project. In this connection, space should be reserved for the following uses:

- Resident companies
- Meeting rooms and common facilities for artists and arts groups
- Arts education venues
- Arts and cultural information centre, space for international meetings/functions/events etc.
- Space for international arts and cultural organizations.

e) Connectivity with the neighboring areas

4.20 Efforts should be made to fully integrate arts and cultural facilities in WKCD as well as its overall planning with the neighbouring areas, so as to cultivate an appropriate cultural ambience in the district and its immediate vicinity.

f) Ample open space and vibrant harbourfront for public enjoyment

4.21 In response to the growing trend towards lowering building density, greater public awareness about good harbourfront planning and rising public aspiration for quality of life, the Consultative Committee recommends that the WKCD project should be developed on the basis of the development parameters promulgated by the Government in the “October Package” in October 2005, as well as the more stringent building height restrictions proposed by the Planning Department, as summarized below -

- (a) setting the maximum overall plot ratio for the whole WKCD site at 1.81, giving a total GFA of about 726 000 sq. m.;
- (b) capping the residential development at no more than 20% of the total GFA of the WKCD; and
- (c) building height restrictions ranging from 50 to 100 metres PD (more stringent than those in the IFP which allowed building heights of up to 130 metres PD under the Canopy and further flexibility outside the Canopy).

g) A prudent and transparent financing approach

4.22 The Consultative Committee accepts the financial assessment results that none of the CACF would be able to recover the costs of operations and maintenance as well as the capital costs. As a result, there is very limited scope for the private sector to take the lead in the development or operation of the facilities in the form of life-cycle PPP arrangements, if no public subsidies are provided. There would also be a significant funding gap (*excess of estimated total capital costs and operating deficits over estimated land premium of the commercial and residential sites in WKCD*) if we were to take on board all the recommendations on the CACF made by PATAG and MAG, and fully adhere to the initial development mix.

The above findings are in line with relevant international experience, which indicates that arts and cultural facilities are typically loss-making and require significant public subsidies in both capital and operating costs.

4.23 The Consultative Committee subscribes to the following principles in drawing up the financing approach for the WKCD project -

- (a) The financing approach should provide funding stability (free from land price fluctuation) conducive to arts and cultural development;
- (b) The financing approach should preserve maximum flexibility in terms of some “land bank” for Hong Kong to create a cultural hub of international status, which could meet not only existing shortfall in facilities and further supply-induced demand, but also to cater for further demand built up through arts education, audience development, inbound tourism etc.;
- (c) The financing approach should ensure early delivery of the project, as we are paying a significant opportunity cost by leaving the land idle; and
- (d) The financing approach should be affordable to the Government and ensure the CACF are financially sustainable in the sense that the future WKCD Authority should have available to it such sources of revenue as to be able to underpin the operation of the CACF without direct recourse to Government.

4.24 Based on the above principles, the Consultative Committee recommends to adopt the following financing approach for WKCD -

- (a) Finance the capital costs through an upfront endowment appropriated by LegCo roughly equivalent to the estimated land revenue from the residential, hotel and office part of the commercial sites within the WKCD; and
- (b) Vest the RDE part of the commercial sites with the WKCD Authority to provide a steady source of recurrent income through rental proceeds to meet the operating deficits of the CACF.

h) A balanced development mix bridging the funding gap and reducing the upfront endowment required

4.25 To ensure that the development and operation of the WKCD would be financially sustainable within the 40-hectare WKCD site while abiding by the development parameters to ensure low-density development (see para 4.21 above), the Consultative Committee also recommends to adopt a package of measures to bridge the funding gap, which aimed at reducing the capital costs and operating deficits on the one hand, and increasing the revenue generated from land resources on the other. These include -

- (a) reducing the scale of the CACF; releasing GFA for office development;
- (b) reducing GFA for hotel by one-third and RDE facilities by 20%; allocating the released GFA for office development to capitalize on the long-term potential of developing West Kowloon as an office node outside the Central Business District, and to provide an essential base load of weekday consumers for the RDE facilities in WKCD; and
- (c) adjusting the funding responsibility between the WKCD Authority and the Government in the communal and infrastructural facilities---the Government to build and maintain the transport and communal facilities which were designed to support the whole of the WKCD area (including residential, commercial and hotel developments), and the WKCD Authority to be responsible for the Open Space, Automated People Mover and Car Parks which have a direct bearing on the WKCD's operation.

4.26 Taking into account the proposed financing approach and the measures to bridge the funding gap, the

capital costs would be reduced to \$19.2 billion (NPV at 2006). With a revised development mix, the land premium is estimated at \$18.9 billion (NPV at 2006). The capital cost funding gap is therefore virtually removed. The revised operating deficits (estimated at \$6.7 billion NPV at 2006) can be totally met by the revised net rental income generated from the RDE facilities (estimated at \$7.5 billion NPV at 2006). In other words, an upfront endowment of about \$19 billion (NPV at 2006) would be required for the WKCD to be developed and operated in a self-sufficient and sustainable manner within the 40-hectare WKCD site.

- 4.27 Having regard to the package of recommended measures to bridge the funding gap, the Consultative Committee recommends a balanced development mix, comprising 36% of GFA for CACF which will be suitably integrated with office (15%), RDE (16%), hotel (8%) and residential (maximum 20%) developments. There would also be 23 hectares of public open space in WKCD, comprising 15 hectares at ground level, 3 hectares of piazza areas and 5 hectares on terraces and roof top gardens.
- 4.28 The Consultative Committee considers the WKCD project a timely and worthwhile strategic investment in Hong Kong's future, having regard to the strong economic recovery and the healthy fiscal situation. This should also be a major step to promote cultural and artistic activities in Hong Kong and a strategy that supports the long-term development of Hong Kong and its status as a world city. This has been confirmed by the positive findings of the Economic Impact Assessment (EIA) on WKCD conducted by the Government Economist. The results indicate that the WKCD project is expected to bring about not only substantial tangible economic impacts in terms of value-added contribution to GDP of the economy, visitor spending and employment opportunities, but also various significant intangible benefits for the development of a creative economy, nurturing local

talents, attracting and retaining investors and talents, raising quality of life, reinforcing economic integration with the Pearl River Delta and branding Hong Kong as a world city.

Establishment of a WKCD Authority

4.29 The Consultative Committee recommends that the Government should proceed to draw up as soon as practicable the requisite legislative proposals for the setting up of the WKCD Authority with wide representation from different sectors to take forward the WKCD project.

4.30 WKCD Authority should aim to achieve the following objectives -

- (a) contributing to the long-term development of Hong Kong into an international arts, cultural and entertainment hub;
- (b) facilitating the provision of quality arts facilities and services;
- (c) enriching the cultural life and meeting the needs of the local community;
- (d) fostering and promoting partnerships between the business sector and the providers of the arts;
- (e) strengthening Hong Kong's position as the premier tourist destination; and
- (f) ensuring the optimal use of land, financial and other resources in the WKCD for purposes specified in the WKCD Authority Ordinance.

4.31 The WKCD Authority should be set up primarily to implement the CACF in the WKCD development on the basis of the detailed work undertaken by the Consultative Committee and its three AGs. The

Authority should therefore work within explicit parameters set based on the recommendations of the Consultative Committee and its three AGs, and the outcome of public consultations and engagement conducted by the Government.

- 4.32 The WKCD Authority will need to carry out such functions and duties, which include masterplanning the development of the WKCD area, planning and executing the use of land vested with it for specified purposes, developing, operating, maintaining and managing the arts and cultural facilities and transport and relevant communal facilities through various means, such as Design and Build contracts, partnership agreements with private or non-Government sectors, overseeing the finances of WKCD to ensure its financial sustainability over the project period, and conducting public consultations on important matters such as masterplanning.
- 4.33 The public accountability measures as well as checks and balances normally applicable to public bodies established by statute should also be imposed on the WKCD Authority in order to safeguard public interests.
- 4.34 Pending the enactment of the enabling legislation, there is a need to consider whether, through administrative means, a provisional body or some form of steering committee should be set up to take forward the early stage of preparatory work at once, such as masterplanning, conducting research and detailed planning studies on individual facilities and recruitment of senior staff for the WKCD Authority.

Cultural Software and Complementary Measures

- 4.35 The Consultative Committee considers that the successful realization of the vision and objectives of the WKCD does not only depend on the timely development of the cultural hardware as defined by the proposed CACF. It also hinges on the timely

implementation of a comprehensive strategy for developing the software and humanware in the arts, culture, entertainment and creative industries.

4.36 Having considered the views of PATAG and MAG on cultural software, the Consultative Committee is of the view that the strategy for developing cultural software should cover a number of different areas, as set out below (see para 8.2.2 to 8.2.21 in the full Report) -

- (a) an appropriate funding and assessment system for major professional performing arts groups;
- (b) enhancing support for nurturing budding and young artists;
- (c) promoting and enhancing the capacity of local arts and cultural community;
- (d) review of operational modes of existing Government-run performing venues and museums to bring them into line with international practices;
- (e) creating and maintaining community-based alternative art space for artists' creations;
- (f) enhancing manpower training in arts and culture;
- (g) augmenting arts education and audience building to foster greater awareness, understanding and appreciation of arts and culture;
- (h) continued support for preservation, promotion and development of Cantonese opera;
- (i) enhancing cultural exchange and co-operation as well as global networking;

- (j) formulation of a structured and cohesive strategy for the development and promotion of cultural and creative industries in Hong Kong; and
- (k) improving the strategy for the development of cultural tourism in Hong Kong.

4.37 While recognizing the need to accord equal (if not higher) priority to the above software development measures alongside hardware development in WKCD, the Consultative Committee holds the view that devising initiatives and measures for the long-term growth and development of culture and the arts fall outside the terms of reference of the Consultative Committee. They should be developed by the Government in consultation with the local arts community and other concerned parties outside the WKCD project.

The Way Forward - Public Engagement

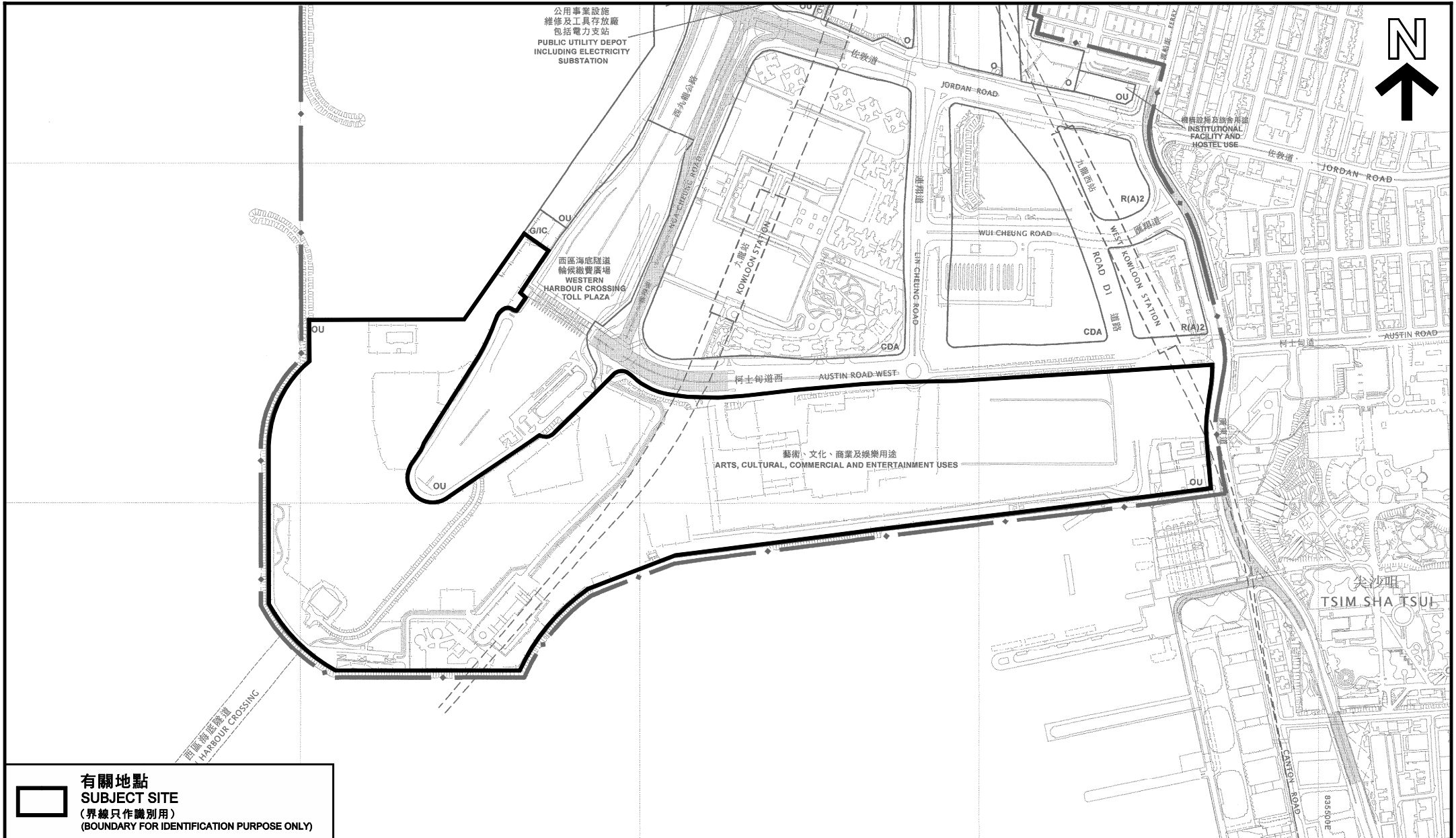
5.1 The WKCD has been the subject of public concern and debate since the IFP. At the initial stage between December 2004 and June 2005, public attention tended to focus on the development approach (i.e. the single development), the huge canopy and the private sector proposals, rather than the need for, and major requirements of CACF. Thus, in embarking on re-examining and re-confirming the need for CACF, PATAG and MAG had rightly made considerable efforts in seeking public views on the proposed facilities. These took the form of open consultative forums, sector-specific focus group meetings particularly with the arts and cultural sectors as well as the tourism and entertainment industries. International experiences were also gathered through presentations by overseas experts and visits. The above efforts have effectively built up a general consensus within the arts and cultural community on the CACF, which formed

the basis of the Consultative Committee's recommendations.

- 5.2 Nevertheless, the good and thorough work of the two AGs would not obviate the need for further public engagement as there have been continual requests for further dialogues on this important project both within and outside the local arts community. In addition, the general public should be given an opportunity to understand the overall picture of the project, the actual scale of the development and the quantum of public subsidy required for bringing WKCD to fruition.
- 5.3 On top of re-examining the CACF needed for WKCD, the Consultative Committee is well aware that the success of the project hinges on its financial viability, which is affected by the development parameters and city planning philosophy. Therefore, an early engagement of the public would be beneficial to securing public endorsement of the recommended financing method and subsequent plan-making process of the Town Planning Board. Last but not least, an opportunity could be taken to sound out the public on the proposed framework of the WKCD Authority.
- 5.4 Taking into account the above considerations, the Consultative Committee recommends that a Public Engagement (PE) exercise should be conducted by the Government, based on the Consultative Committee's recommendations, before the Government decides on the way forward.
- 5.5 The proposed exercise should aim to seek public support of the Consultative Committee's recommendations to facilitate the Government to take an early decision on the way forward. It should be highlighted as the first of a series of public engagement efforts on concrete proposals for the WKCD project at later stages. The public will be consulted again on the legislative proposal for setting up the proposed

statutory body and the Master Layout Plan according to statutory planning procedures.

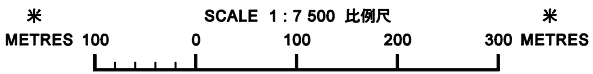
- 5.6 Given the scale and magnitude of the WKCD project, public engagement should be maximized to secure essential public buy-in for this long-term investment for Hong Kong. Thus, in releasing the Report, the public should be given access to every piece of relevant information considered by the Consultative Committee in the process.
- 5.7 The PE exercise should commence after the Consultative Committee has submitted its Report to the Government. Although the Consultative Committee and the AGs have completed their task and will be dissolved by end of June 2007, individual Members who all share the passion for this exciting project and strategic investment for Hong Kong are willing to take part in the PE exercise in their personal capacity.



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本摘要圖於2007年9月26日擬備，所根據的資料為：
 於2007年5月18日展示的分區計劃大綱圖
 編號 S/K20/19
 EXTRACT PLAN PREPARED ON 26.09.2007
 BASED ON OUTLINE ZONING PLAN No.
 S/K20/19 EXHIBITED ON 18.5.2007

位置圖 LOCATION PLAN
西九龍文化區
WEST KOWLOON CULTURAL DISTRICT



規劃署
PLANNING
DEPARTMENT



M/K20/07/149 **PLAN**
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