

**Speech by the Chief Secretary for Administration on the motion
on West Kowloon Cultural District Development Project
in the Legislative Council on 26 November, 2003**

Honourable Members,

The motion

Today, we debate on the “West Kowloon Cultural District development project” at this council. There are one motion and two amendments to the motion before us. The original motion moved by Hon WONG Sing-chi urged the Government to comprehensively review the project and extend the deadline for submission of development proposals. It was amended by Hon Albert HO Chun-yan who urged the Government to openly consult all sectors in the society afresh and temporarily shelve the whole project. Another amendment was made by Hon MA Fung-kwok who stressed that the project should uphold the “people-oriented”, “partnership (with property developers and the cultural sector)” and “community-driven” principles.

2. The Administration welcomes questions and debates on public affairs by Members as a way to put Government under the Council's scrutiny. As to the "West Kowloon Cultural District development project", it has not, indeed, become a hot topic of Members' concern until very recently. Not long ago, some property developers requested the Government to chop up the project and dish out the bits and pieces for their development. This has immediately triggered off a barrage of questions from Members. Today, some Members even propose to put the project on hold.

3. Before today, Members did not have such proposals and they were glad to see the project get started. But what I see now is a sudden change of stand.

4. I remember that at the meeting of the LegCo Panel on Planning, Lands and Works (PLW Panel) on 4 July this year, Members of this Council put forward many valuable suggestions on how we could better take the project forward. The Hon WONG Sing-chi who moves today's motion on reviewing the project, specifically urged the Government to roll out the project "with determination" and avoid a repeat of mistake by putting it on hold abruptly. That is why I was very confused when listening to the Hon WONG Sing-chi

criticize strongly against the same proposal which he had then given his full support. He even called on other Members of this Council to agree to the amendments made by the Hon Albert HO Chun-yan to the motion that the whole project should be shelved. I am afraid that the Hon WONG Sing-chi is suffering from a serious loss of memory.

The birth of the project

5. The concept of West Kowloon Cultural District can be traced back to the year 1996.

6. In that year, the former Hong Kong Tourist Association (HKTA) conducted a very extensive survey among the tourists in Hong Kong. Of the millions of tourists polled, about 1.3 million indicated their interests in cultural arts, entertainment and large-scale events. They were of the opinion that Hong Kong should step up the promotion of cultural and entertainment activities among tourists. In making a report to this Council in 1998, HKTA proposed that Hong Kong should provide more cultural performance venues and the film industry should be made a selling point for tourism.

7. In the same year, the Chief Executive Mr. TUNG Chee-hwa stated in his Policy Address that the Government was committed to developing Hong Kong into the Asian centre of arts and culture. The “West Kowloon Cultural District development project” is one of the key projects for this purpose.

8. We have then changed the long-standing practice of taking up the whole project by the Government alone and launched a concept plan competition in 2001 to invite proposals from places all over the world. A total of 161 entries had been received and a first prize winner was finally selected by a ten-person jury mainly comprising international experts. This proposal has now become a well-known design that features a great flowing canopy.

9. Meanwhile, we have also completed several reports on relevant studies, including the consultancy report entitled “Cultural Facilities: A Study on their Requirements and the Formulation of New Planning Standards and Guidelines” (1999) commissioned by the Planning Department, the report on the “Consultancy Study on the Provision of Regional/District Cultural and Performance Facilities in Hong Kong” (2002) jointly commissioned by the Home Affairs

Bureau (HAB) and the Leisure and Cultural Services Department (LCSD), and the report on the “Consultancy Study on the Mode of Governance of Hong Kong’s Public Museums and the Hong Kong Film Archive” (2003) initiated by LCSD. These are all published reports and they formed the basis of the proposed facilities in this whole project.

10. These studies had collected views from the cultural sector, arts groups, Legislative Councillors, District Council Members, arts activity organizers, performing venue applicants, tourists in Hong Kong and the general public. They also thoroughly assessed the need of the public and tourists for cultural services and facilities.

11. Basing on the above information, we issued an Invitation for Proposals (IFP) to developers around the world in September this year.

Consultation

12. I have to point out that the Government had never failed to consult the Legislative Council and professionals in the process.

13. We have all along kept this Council informed of the project's progress and the next step to be taken. We have also solicited Members' views to formulate policies in the overall interests of our society.

14. On 18 November 1999, the Government informed the PLW Panel of the decision to develop the southern portion of West Kowloon Reclamation (WKR) into a world-class centre of arts, culture and entertainment, and that it would suspend part of the works in the existing road and infrastructure works contracts already commissioned on WKR. The Panel agreed to the decision.

15. On 13 December 1999, the Government informed the LegCo Panel on Home Affairs of the decision to develop the southern portion of WKR into a world-class centre of arts culture and entertainment. The Panel agreed to the decision.

16. On 9 March 2000, the Government briefed members of the PLW Panel on the details of the launching of an international competition of concept plans for the West Kowloon Cultural District. This had also secured the Panel's support.

17. On 8 May 2002, the Government submitted the five winning entries, including the champion entry by Foster, to the PLW Panel. Winning concept plans were then on display at 12 venues in the whole territory from March to October. There had been wide support but little negative comments on the first-prize winner. After the results of the competition were announced, the HAB and the LCSD conducted a series of consultation sessions on the arts and cultural facilities in the West Kowloon Cultural District. Over 130 from the arts and cultural sector took part in these consultation sessions.

18. On 4 July 2003, a key day to note, the Government briefed the PLW Panel again about inviting developers to submit project proposals regarding the West Kowloon Cultural District. Paragraph 6 of the relevant panel paper stressed that the project should be planned and executed as an integrated development in order to guarantee a well coordinated and highly effective planning and provision of all buildings, infrastructure, internal transportation, people flow, services and facilities. Paragraphs 13 and 15 of the paper also showed that the project would be treated as a single development package. The Panel responded positively and was supportive to our plan. And Members of the Panel had put forward many valuable suggestions on various aspects.

After giving these views thorough consideration, we suitably revised the IFP to reflect them. Some Members even urged the Government to avoid putting the project on hold abruptly thereby eroding confidence of the people. In summing up, the chairman of the Panel also requested the Government to ride on the relevant works to stimulate the economy and to create job opportunities. We followed Members' advice and stepped up our actions. The IFP was issued two months later. The objections from Members now come as a shock to us.

19. The Government has also attached great importance to the views of the local professional bodies on the project.

20. On 23 and 29 February 2000, we consulted the Hong Kong Institute of Architects, the Hong Kong Institution of Engineers, the Hong Kong Institute of Surveyors, the Hong Kong Institute of Planners, the Hong Kong Institute of Landscape Architects, the University of Hong Kong, City University of Hong Kong, environmental groups and the Real Estate Developers Association of Hong Kong on the development details and arrangements of the concept plan competition.

21. The Arts Development Council (ADC) also supported, the Government's plan to invite entries from all

over world to the West Kowloon Cultural District concept plan competition at a briefing session on 26 April 2000. We again informed ADC of the progress of the competition later on 22 January 2001.

22. The Cultural Commission was briefed on the Government's plan to invite entries from all over world to the West Kowloon Cultural District concept plan competition on 7 and 22 August 2002. On 9 January 2001, the Government reported to the WKR Development Working Group under the Commission progress of the competition. Members of the Working Group had also been in support of the competition.

23. After the IFP was issued, the Government conducted briefings on the content of IFP for various professional bodies on 8 September 2003, and took the opportunity to solicit the views of the Hong Kong Institution of Engineers, the Hong Kong Institute of Architects, the Hong Kong Institute of Planners, the Hong Kong Institute of Landscape Architects, the Hong Kong Institute of Surveyors and the Association of Architectural Practices.

24. Three more question and answer sessions were organized later on 22 October, 4 November and 10 November for members of the Hong Kong Institute of Planners,

representatives of the Hong Kong Institute of Architectures and members of the Hong Kong Institute of Surveyors respectively. One more session will be held on 12 December for members of the Hong Kong Institution of Engineers.

25. Why do we take the trouble to conduct so many surveys and consultations? It is because we realize the importance of this project. We understand that its implementation must live up to public expectations.

Culture and Arts

26. As members of the public may be aware of, Hong Kong lags behind many developed countries in terms of overall cultural and artistic standards. Among the cultural facilities in Hong Kong, there is hardly any one of which we are proud of its design. Our arts fairs very often turn out to be a handicraft market rather than an ideal place for the exchange of creative ideas by local artists and arts development. Despite the high utilization rates, our museums fail to attract a constant stream of visitors, neither have they become a tourist destination that must be revisited every year.

27. It is the ardent wish of our hard working community to improve their quality of life, and arts and cultural pursuits become all the more important as they help nourish and enrich our lives. We do not want to see our children merely have commercial entertainment. We hope they do have world-class choices to develop and pursue their arts and cultural interests. It is against this background that the Government takes forward the “West Kowloon Cultural District development project” in a bid to bring a breakthrough in the situation and raise the living standard of the local community.

28. Looking around, we can see that our neighbouring cities have been putting greater emphasis on the construction of cultural and arts facilities while striving for an accelerated economic development. They are taking such moves because they know that cosmopolitan cities like New York and London would not have secured their currently preeminent position if their cultural development had not been keeping pace with economic progress.

29. As a metropolis of the modern times, Hong Kong, Asia’s world city, also has to go for a balanced development. To enhance our competitiveness, we must support our

economic achievements with a greater emphasis on culture and arts.

30. West Kowloon Cultural District, needless to say, will bring enormous economic benefits at the same time. Apart from prospects for business development, the project will create posts for 500 professionals in the short-run as well as 5,000-odd for construction workers persistently for a period of six years. In the long run, another 1000 are expected to be needed in the operation and management of the cultural facilities in the District.

Prospects for business development under the new development mode

31. It is unfortunate that we have to face a huge fiscal deficit at this time. There will not be sufficient public resources to support such a mammoth project worth over \$20 billion in the next five years or beyond.

32. We all know that while the Government has limited resources, the resources of outside world are in abundance. The private market is having a very strong liquidity with an estimate of over HK\$3 trillion pending for appropriate investment opportunities. The market-sensitive business

sector can bring in more innovative ideas and greater flexibility. It is the ideal time to bring in the partnership of the business sector in public facilities development.

33. After careful consideration, we have decided to adopt the new “people-oriented” approach in building this new landmark for Hong Kong. This is a departure from the traditional practice where the Government takes full charge of the construction of large-scale public art and cultural facilities. Under the new approach, the private consortia are invited to participate and no public funds will be involved. Apart from putting funds from the private sector into use, we can also benefit from their advanced expertise and talents.

34. We aim at building a cultural and architectural landmark which is a sustainable one. Therefore, the commercial considerations and design of the project have to be thorough, comprehensive, sensitive and flexible. In the past, the Government constructed a lot of cultural facilities. However, without a business mindset, these facilities are somehow inadequate in themselves.

35. We hope to see a breakthrough in the “West Kowloon Cultural District development project” which allows the commercial sector to exercise flexibility and works with

the management institutions or expertise of world-class museums and cultural facilities in providing a great variety of arts and cultural programmes. Not only will artists and great art lovers be attracted to the district, the general public can also relax and spend their pastime there freely. This will in turn boost consumption and add to the vitality of our city.

36. The business community knows how best to make commercial profits from the facilities and attract people to the place. A landmark will only become vibrant if there is an incessant flow of people. A similar success story is the hillside escalator link between the mid-levels and Central. Originally built for the convenience of residents in the mid-levels, the link has rejuvenated the old mid-levels area which formerly lacked business opportunities. The area, now visited by thousands of locals and tourists from abroad daily, is offering many job opportunities for the service sector. We expect the prospects for business will be even more encouraging in the West Kowloon Cultural District. The Louvre Museum in Paris, which has integrated arts, consumption and entertainment successfully, is a good example for us to follow.

37. Some people suggest selling lands to get the monies for construction on its own or via a separate development organization. In this case, the Government would have to use taxpayers' monies for hypothecation. It would also have to develop the cultural district in the traditional way. That is to say, the Government will draw up its own design and plans. The outcome would resemble that of Hong Kong Cultural Centre and community hall. There is another shortcoming too. We cannot integrate cultural activities with the commercial activities. As the Government does not have the data for business operation, it does not know which kind of shops should be set up to tie in with the cultural facilities. As a result, a constant stream of people would not be attracted to the place.

38. If this is the case, the monies are spent and we may even need to subsidize the project. Yet the objective of developing our own architectural icon cannot be achieved, not to mention generating any business prospects and economic benefit from the development. Putting too much emphasis on the short-term yields from land sales is at the expense of the economic interests for the coming decades.

39. The development of West Kowloon Cultural District therefore requires overall planning and coordination. This vision can neither be realized by splitting the projects, nor by the efforts of the Government alone. A world-class, versatile and attractive cultural district will never be created by either way.

Developing the cultural district as an integrated project

40. In deciding to treat the West Kowloon Cultural District as a single development package, we have elicited criticisms that only one or two consortia would be able to bid for such a colossal project. Some people have gone so far as to say that regardless of the proposal selection results, they would continue to blame the Government for favouring the big consortia.

41. I would like to point out that as far as commercial activities are concerned, the Government always attaches great importance to a level playing field, on which Hong Kong's position as an international financial centre is ultimately guaranteed. We demand fairness. We also look for competition. However, there will only be one successful bidder for each Government project, be it a single consortium, or an entity formed jointly by a number of consortia.

42. We have already explained the demerits of developing the West Kowloon Cultural District as a cluster of split projects in this Council a fortnight ago. What I would like to add now is that the Government has not excluded small and medium-scale developers from the project. Our requirement for a tenderer to have undertaken a project worth not less than \$3 billion in the past 15 years was laid down for the sake of public interest, making reference to similar projects carried out previously in Hong Kong.

43. We allow developers forming themselves into consortia to bid for the project. In order to make sure that the project will not be aborted by the withdrawal of a certain participant, these consortia are required to bear both collective and individual responsibilities, but this is not obligatory.

44. So far, a total of twelve consortia have indicated their interest, including three overseas ones. Therefore, the allegation that only one or two consortia are capable of making a bid is groundless.

45. It is natural and normal in a capital market for different consortia to fight for their own interests. Hong Kong is no exception. But if it goes to demand the Government to act in the interests of these consortia or even

involve in settling their conflicts without regard to the nature of the project, it is what the Government certainly will not do. We will not yield to any pressure that makes us act against public interests, and violate the free and fair competition principle.

46. We truly recognize the importance of letting the public know and see that the competition is fair. To this end, we have invited development proposals from all over the world. These proposals will then be assessed by senior civil servants, not by Principal officials. We will also invite ICAC to participate in the assessment. The Principal Officials will submit the successful proponent's proposal to the Legislative Council for consultation, and then to the Executive Council for approval. Other proposals will also be sent to the Legislative Councillors for reference, provided that this does not violate the principle of divulging business secrets.

47. We know many people are worried that the successful proponent will, for its own business interests, change its submitted design plan, turning the cultural district into a commercial and residential area. On this, we will put in place adequate monitoring and regulatory measures such that the gross floor area, plot ratio, and even building height,

will be stipulated in the land grant and the statutory town plan for the scrutiny of the Town Planning Board.

48. Some other people are concerned that the developer may lack the expertise and talent in running culture and arts business. I have to point out that from the outset we have laid down the requirements that proponents must go into partnership with a competent and experienced culture and arts operator, and must submit a plan for the promotion of culture and arts facilities.

49. We are not only concerned about the hardware infrastructure of the cultural district, but also attach great importance to its facilities and the management software, as this is the only way to keep our landmark vibrant, cost-effective and sustainable.

50. Our ideal mode of governance is to have the participation of the operator, the cultural sector, the public and the Government to ensure a balance of cultural arts and commercial interests. We will also require the successful proponent to provide a “performance bond” so that in case of mismanagement on the part of the operator, the bond will be used to support the operation of the cultural district, without

burdening the taxpayers of any additional financial commitments.

Outstanding issues to be tackled

51. Naturally there are still a lot of things to be sorted out which require the assistance of all sectors. This involves wide-ranging issues such as overall cultural policy support, policy on facility management, strategies concerning exhibitions and performances, training of cultural and arts personnel, and marketing strategies of culture and arts programmes, etc. The most specific one is how to make the entertainment, cultural and arts programmes more diversified, creative and attractive. The Government is ready to listen to the public views on these issues, particularly those of the cultural and arts sectors. There are plenty of flexibility in these issues and no decision is yet taken at this stage.

52. As the development of the West Kowloon Cultural District also involves important commercial considerations, we should listen thoroughly to the public opinions to come up with a better design that suits the needs of the market and offers greater commercial benefits.

53. The cultural sector might find it difficult to give full play to its strength in the past. The construction of the project will provide them with more opportunities. Although the project cannot solve all their problems, we believe that it will help map out the blueprint for the arts and cultural policies and speed up their implementation. We have had quite a lot of contacts and discussions with the cultural sector, and we will continue to maintain the dialogue and communication in the days to come. The people from the cultural sector we met support in principle the development of the cultural district. We will continue to solicit their valuable views.

Against shelving the project

54. As we see it, the spectacular architectural icons in the world always aroused public controversies as construction just began. Eiffel Tower in Paris, the Pyramid entrance designed by Mr. Ieoh Ming PEI in front of the Musée du Louvre, and the Guggenheim Museum in Bilbao, Spain are all famous examples.

55. Hong Kong is a pluralistic society. It is natural to have diverse views. The controversies surrounding the West Kowloon Cultural District could be viewed in a positive way in that they arouse greater public concern and deepen public

understanding of the project. However, it is of great importance that we should not try to shelve what have been previously agreed or give up all the safeguards simply because there are some different views. Taking such an attitude is simplistic. This will only stifle projects which will bring innovation and economic benefits to our economy. This will mean that our unemployed construction workers cannot take up the over 5,000 jobs as early as possible. And this will dash the hopes of the relevant professionals in having more job opportunities.

56. During the past two weeks, I have met with many organizations in the cultural and art sector. Their enthusiasm towards art and culture and their wish for a breakthrough in their sector in Hong Kong which might come with this project were close to my heart. Over the past seven years, the Government has conducted a considerable amount of research work on the West Kowloon Cultural District development project. The public as well as this Council have always been kept informed of these researches. All the findings and data of these researches show that constructing the West Kowloon Cultural District is meaningful and is based on objective analysis. The suggestion by the Hon Albert HO Chun-yan to shelve the project is therefore precipitous and reckless.

57. The Government understands well that the ultimate goals of taking this development project forward are public good and economic gains. This not only requires prudent construction and design of the landmark, but also future arts and cultural programmes must be unique, dynamic and attractive. We believe that the more constructive next step is to continue the dialogues with all relevant sectors on the details of our proposal. These include assessment criteria, content and coverage of the facilities, and the mode of operation and management of them. Though no two persons would have congruent views when it comes to art, the Government will neither force its own thinking upon the art sector and our public. The West Kowloon Cultural District development project belongs to all in Hong Kong. The Government shall engage into thorough discussion with all concerned groups.

58. As such, we are glad to extend the deadline for proposal submission from 19 March 2004 to 19 June 2004, so as to go the extra mile in the West Kowloon Cultural District development project. This would give proponents more time to prepare their proposal, which at the end will be beneficial for future assessment.

59. But if Members passed the amended motion by the Hon HO Chun-yan without taking into account all the research and consultation conducted by the Government and other organizations over the years, without taking into account your endorsement on the project in the past, without taking into account the project is for public good, without taking into account the economic benefits and job opportunities to be brought along, then I cannot ignore the decision by the Hon Members but to humbly shelve the project as per your decision. Invitations that were sent all over the world will also be withdrawn by tomorrow, 27 November 2003. The relevant policy bureau would then reconsider afresh the whole project, including concerns raised by Hon Members just now as well as how to plan for relevant arts, cultural and entertainment facilities.

60. This is because I know deeply that if Hon Members now vote for shelving the project, the Legislative Council will continue to criticize every aspect of the project even that we have stated clearly our intention to consult Members on the successful proponent's proposal and to extend the consultation time with various sectors. The Government's efforts would never be endorsed by this Council. It would then be a waste

of efforts and financial resources of the proponents, as well as the community's time.

61. I wish Hon Members would bear in mind that since the year 1996, the Government has already spent seven years for research, planning and consultation on the West Kowloon Cultural District development project. The project is situated at West Kowloon, of which the reclamation was completed in 1993. Up till now, the site has been laid idle for ten years. I wish you would all scrupulously consider whether we should waste this site for seven more years and stall the people of Hong Kong for another seven years, simply because of the hazy suggestions by the Hon HO Chun-yan's amended motion.

62. With these remarks, I urge you all to vote against the amendment made to the motion proposed by the Hon Albert HO Chun-yan, so as to allow the Government the opportunity to join hands with the cultural sector and professionals in creating the arts, cultural and entertainment icon at West Kowloon that we all have long desired.

63. Thank you, Madam President.