

For discussion  
on 18 November 2003

**LEGISLATIVE COUNCIL PANEL ON  
PLANNING, LANDS AND WORKS  
and  
LEGISLATIVE COUNCIL PANEL ON  
HOME AFFAIRS**

**INVITATION FOR PROPOSALS FOR THE DEVELOPMENT OF THE  
WEST KOWLOON CULTURAL DISTRICT**

**INTRODUCTION**

This paper provides information requested by Members on certain issues highlighted in the public response to the launch of the Invitation For Proposals (IFP) for Development of the West Kowloon Cultural District (WKCD).

**BACKGROUND**

A 2. The background to the WKCD project, the proposal to issue an Invitation For Proposals and related matters were set out in Paper CB(1)2104/02-03(03), at *Annex A*, which was discussed by the Panel on Planning Lands and Works on 4 July 2003 (with all other Members of the Legislative Council invited). Also, much information was provided when the  
B Chief Secretary for Administration answered questions on the project in the Legislative Council on 12 November 2003 (LegCo Question No.1 at *Annex B*).

**IFP LAUNCH**

3. The IFP was launched in a press conference chaired by the Chief Secretary for Administration on 5 September 2003. Copies of a publicity pamphlet on the IFP were distributed to all Members of the Legislative Council.

A copy of the full IFP was sent to the Clerk to the Panel on Planning, Lands and Works and to the Clerk to the Panel on Home Affairs, for the reference of the respective Panel Members. Members' attention was also invited to the project website at <http://www.hplb.gov.hk/wkcd>.

4. In brief, the Government is inviting the submission of proposals from the private sector for the planning, design, financing and construction of the West Kowloon Cultural District as an integrated development of world class arts, cultural, entertainment and commercial facilities and the subsequent operation, maintenance and management of those facilities. Government's baseline for the development, set out in the IFP, is a modified version of the first prize winning entry to the concept plan competition.

5. The IFP is open to proponents experienced in developing, marketing and managing major mixed-use developments. In preparing their proposals, proponents are expected to engage high quality design teams of town planners, architects, quantity surveyors, building services engineers, structural engineers, consultants and specialists in theatre design, acoustics and museum exhibit design and fabrication, and professionals who are experienced in the management and operation of arts and cultural facilities.

6. The deadline for submission of proposals is 19 March 2004.

## **ISSUES RAISED IN THE PUBLIC RESPONSE TO THE IFP**

7. Members have asked the Administration to address in this paper major concerns raised by the public in response to the launch of the IFP. The Administration's response to the concerns is provided in the following paragraphs.

**(a) Since the site in question is as large as 40 hectares, why will only one proponent be selected for the development, instead of splitting it into several items?**

8. The WKCD is conceived as an integrated development of arts, cultural, entertainment and commercial facilities, designed, built and operated by the private sector. We have earmarked this prime waterfront site and organized an international competition to find the best concept plan for the

development. Integrated planning and development was a key theme of the concept plan competition. The first prize winning entry to the competition, which we are using as the basis for the layout of the WKCD, is an integrated design with certain key elements, notably the canopy and the automated people mover, stretching from one end of the site to the other. These unify the whole development. The canopy also ensures that the WKCD will become a major tourist attraction and that Hong Kong will have its own cultural icon.

9. In Hong Kong, major new arts and cultural facilities have traditionally been provided by the Government. However, we do not wish to continue this practice. One of our stated objectives in pursuing the WKCD development is to encourage private sector participation in the rendering of cultural services in Hong Kong. In August 2003, we published a document called “Serving the Community by Using the Private Sector”, which made it clear that, in the face of major budgetary pressures, we would be utilizing the private sector more in delivering and improving government services. We believe that these facilities can and should be run with greater commercial expertise than the Government is able to provide.

10. The private sector, on the other hand, has the resources to develop the proposed cultural district in accordance with the adopted concept plan. However, as international experience has indicated that the development and operation of major arts and cultural facilities is generally not a profit-making activity, integration with a certain amount of commercial development is necessary to enhance financial viability and attract the participation of the private sector.

11. The desire of the Government not to build or operate additional major new arts and cultural facilities, the need for the whole development to be designed and executed on a financially self-sustaining basis and the planning advantages of an integrated development all point to a need to approach the development as a single package. Such a development concept is not new and has already been applied successfully in Hong Kong. For example, the Hong Kong Convention and Exhibition Centre and the adjacent hotel, commercial and residential facilities were developed using a conceptually similar single package approach.

12. Dividing the project into smaller packages and inviting tenders would first require the Government to draw up its own master layout plan for the

district based on uncertain assumptions of what would be commercially viable in an integrated development. As the Government is unable to fund construction of the arts and cultural facilities, they would have to be distributed among the different packages, thereby losing the opportunity for integrated, complementary and efficient design of these facilities. Also, the Government would have to design the canopy and the automated people mover without knowing how they would interface with the design of buildings in the district. Moreover, conducting multiple tender exercises would present the Government with the extremely difficult task of drawing up multiple sets of complex interlocking land leases. And substantial additional resources would have to be allocated to project management and, in due course, venue operation, at the expense of other priorities.

13. We are therefore satisfied that dividing the project into multiple packages is an undesirable way of implementing it. Tendering out various packages with a view to using the land sale proceeds for developing the cultural facilities is also impractical as this would entail hypothecating general revenue. The prospect of securing public funds of the size required for providing the proposed arts and cultural facilities is remote given the many other competing claims. The single package approach is the optimal way forward and in the wider public interests of Hong Kong.

**(b) The proposed development mode of design-build-operate makes it difficult for medium and small-sized companies and developers to participate.**

14. In offering this substantial project as a single design-build-operate package, the Government must be sure that the successful proponent has the financial strength and management experience necessary to see the project through satisfactorily. Proponents also have to be able to attract the participation of parties experienced in the design and operation of arts, cultural and entertainment facilities. The IFP therefore makes it mandatory for proponents to show that they possess experience in developing at least one mixed-use development with a total construction cost of not less than \$3 billion and in managing, marketing and leasing of large developments, within the last 15 years. This is not an unreasonable requirement given the nature and scale of the project. Nor has it shown to be limiting the field to two or three big developers. We have now received written indication from eleven prospective proponents expressing interest in undertaking the development. We must

assume that they consider that they meet the experience requirement and intend to submit a proposal in due course.

15. Some smaller developers have criticised certain other provisions in the IFP (such as the requirement that each participant of a consortium shall be jointly and severally liable for the due performance by them of the responsibilities and liabilities arising out of the proposal) as making it difficult for them to participate. None of the provisions in the IFP has been designed to preclude participation by smaller developers. The provision for joint and several liability is necessary to ensure that the project will not fold up if one party pulls out of the consortium. However, it is not a mandatory requirement under the IFP. As with other non-mandatory requirements in the IFP, we are prepared to consider deviation from this requirement if this is proposed and justified by the proponent, but we will always seek a solution which safeguards the public interest satisfactorily.

16. Though the development is being approached as a single package, there is no numerical limit on the developers who may form a consortium or joint venture. Whether any developer, large or small, wishes to participate in a consortium, given the terms of the IFP and the circumstances elaborated in paragraph 15 above, is a commercial decision for him.

**(c) The development will likely become a property development and the provision of arts and cultural facilities will be secondary.**

17. The Government shares the concern of the arts and cultural community and others who have expressed similar views that pursuit of development profits should not be allowed to compromise our objectives for a world class cultural district with a comprehensive range of arts, cultural and entertainment facilities for the enjoyment of the people of Hong Kong and visitors to the territory. The commercial developments are essential for the project's viability, but they are not driving the development. The project will not be allowed to proceed as a real estate development with second-rate cultural facilities or insufficient commitment to their operation and programme content.

18. There are many provisions in the IFP to ensure that the arts and cultural facilities will meet the community's expectations and remain the primary focus of the development. For example –

- (a) proponents are required to propose modes of governance and operation which, among other things, will enhance the long term cultural development of Hong Kong, attract public support, provide assurance that the facilities will be run in a financially responsible and publicly accountable manner and involve participation by persons of standing in the community and experts in the relevant fields;
- (b) the successful proponent is expected to operate, maintain and manage the core arts and cultural facilities for a 30 year operation period. We will consider any proposals on the mode of governance, business strategy and operation plan and reserve the right to decide which party should operate and manage the core arts and cultural facilities;
- (c) in the event of unsatisfactory performance in operation, maintenance and management by the successful proponent during the operation period, Government has the right to terminate the operation; and
- (d) should it be decided at any time that a party other than the successful proponent should operate and manage any of the core arts and cultural facilities, we will require financial contributions from the successful proponent to ensure that this can be achieved without burdening the taxpayer. In this connection, we will require the successful proponent to procure performance bonds to ensure satisfactory operation, maintenance and management of the arts and cultural facilities. Proponents are required to provide details of such bonds in their proposals.

19. Proponents are also expected to state whether the proposed modes of governance for the core arts and cultural facilities involve the creation of statutory or non-statutory institutions or organizations. We will therefore give detailed consideration to the appropriate institutional, monitoring, supervisory, consultative and advisory machinery when proponents' proposals are received. In the meantime, we welcome further views from the community on these aspects.

20. We will study carefully all the proposals to ensure sound and

sustainable operation of the arts and cultural facilities. If the proposals do not meet the requirements for provision of arts and cultural facilities, we will not accept them.

**(d) There will be no restriction on the plot ratio of residential and commercial development.**

21. The requirement in the IFP that proponents should generally adhere to the winning concept plan, and the mandatory requirement to provide the canopy, effectively limit the amount of development that is possible over most of the site and confine the high-rise development to the commercial gateway at the Canton Road end of the site. This makes it unnecessary to fix a plot ratio for the development at this stage and enables us to allow proponents the freedom to devise a development mix and intensity that both meet our requirements and provide them with a financially viable solution.

22. The preferred proposal will be identified through a process of detailed assessment of all of the proposals and negotiations with the shortlisted proponents. It will represent the package that we consider best meets our objectives and is in the wider public interests of Hong Kong. We will seek the views of the Town Planning Board and the Legislative Council on the preferred proposal. Any comments received will be discussed with the proponent concerned and any proposed changes will be carefully considered before the preferred proposal is finalised for approval by the Chief Executive in Council.

23. Once we have agreed upon the scheme to be implemented, the maximum permitted gross floor area and the plot ratio will be fixed and stipulated in the Provisional Agreement and carried forward into the Project Agreement and the land grant, which is legally binding. The developer will be unable to change the parameters in these documents without seeking the Government's approval. We will also provide in the Provisional Agreement and the Project Agreement for these parameters to be included in the statutory outline zoning plan in due course. Any future changes to these parameters necessitating amendments to the outline zoning plan will have to be agreed by the Town Planning Board.

**(e) How can and will the cultural sector be involved in the development of the WKCD?**

24. The arts and cultural sector can and is expected to contribute to the development of the WKCD in several ways.

25. Firstly, it can assist proponents in preparing their proposals. Proponents need to demonstrate that their proposals on the planning, operation, maintenance and management of the core arts and cultural facilities will ensure that the facilities are designed and run to the best international standards. We therefore expect proponents to engage the services of parties with specialist expertise, experience and competence in the relevant arts and cultural fields and forge partnerships with local and international cultural bodies, experts and professionals to assist them with firstly, the planning and design of the arts and cultural facilities and, secondly, their operation and management, including the programme content. A proponent who does not show that he has engaged such services will stand little chance of becoming the successful proponent.

26. Secondly, it can contribute towards the formulation by the Government of detailed guidelines for assessment of the proposals within the framework published in the IFP (Annex 3.1). Briefing sessions, forums and meetings with stake-holders and representatives of the arts and business sectors have been held since the launch of the IFP. We will consult the arts and cultural community further through various channels, particularly on the mode of governance and the information to be included in the guidelines for assessment of proposals in respect of the operation and management of the arts and cultural facilities. The views so gathered will serve as a reference for our assessment.

27. Thirdly, it can offer further views to the Government on the way in which the new facilities and programmes to be provided in the WKCD may be optimized to avoid overprovision or shortfall in different areas and achieve synergy with existing facilities and programmes.

28. Fourthly, it can play a very important role in providing input to and monitoring the governance and operation of the core arts and cultural facilities. The requirements mentioned in paragraph 18(a) above have been included in the IFP for this purpose.



For discussion  
on 4 July 2003

**LEGISLATIVE COUNCIL PANEL ON  
PLANNING, LANDS AND WORKS**

**Progress Report on Development of the  
West Kowloon Cultural District**

**Introduction**

This paper provides a progress report on the work of the Steering Committee for Development of the West Kowloon Cultural District (WKCD) and informs Members that the private sector will shortly be invited to submit project proposals.

**Background**

2. The Government has a firm policy objective of enhancing Hong Kong's position as a centre of arts, culture and entertainment in Asia and we believe that the private sector can and should play a major role in assisting us to achieve this objective. To this end, we have earmarked a waterfront site of about 40 hectares at the southern tip of the West Kowloon Reclamation for an integrated development of arts, cultural, entertainment, commercial and residential facilities.

3. In April 2001, we launched an international competition inviting submission of concept plans for development of the site, stressing that there was no link between the competition and the eventual development rights to the area. Five prizes were offered – first and second prizes and three honourable mentions. A jury of local and international experts chose the winning entries. These were announced on 28 February 2002, to wide publicity. Members were informed of the outcome of the competition in an information paper noted at the meeting of the Panel on 8 May 2002.

A 4. The first prize winning concept plan, at **Annex A**, was submitted by a team led by Foster and Partners of the UK (the Foster scheme). It envisages performance venues, museums, some high-class residential development and a boating lagoon at the western end of the site, a multi-level complex of shops, restaurants and entertainment facilities in the middle of the site and a commercial gateway at Canton Road with office and hotel towers. There is extensive open space comprising a podium park, landscaped terraces and a waterfront promenade. An automated people mover system runs from one end of the site to the other. Except for the high-rise gateway and the promenade, the development is covered by an open-sided and partially transparent canopy, which will create a pleasant open air leisure environment in the open spaces beneath it and serve as an icon of modern Hong Kong. The entire scheme is designed as an integrated development that will enrich the cultural life of the community and attract performers, exhibitors, commercial visitors and tourists from around the world. The Foster scheme has been well received locally and internationally and, having conducted a preliminary examination of its technical feasibility, we believe that the concept can be implemented.

## **West Kowloon Cultural District Project**

### *Steering Committee*

B 5. In September 2002, we established a Steering Committee for Development of the West Kowloon Cultural District (the SC), chaired by the Chief Secretary for Administration, to plan and guide implementation of the West Kowloon Cultural District project (the project). The terms of reference and membership of the SC are at **Annex B**.

6. The SC reaffirmed at the outset that the WKCD project should be planned and executed as an integrated development. This approach enables more efficient planning and provision of infrastructure, internal transport services and facilities or structures extending over large areas of the site.

7. In October 2002, we announced that the SC had decided in principle to adopt the Foster scheme as the conceptual basis for the masterplan

for the WKCD and that its key feature, the distinctive canopy, would be retained. The SC subsequently decided upon some modifications to the Foster scheme which, among other things –

- (a) identify the major arts and cultural facilities to be provided, taking into account the community's needs and expectations;
- (b) convert the boating lagoon into an open air amphitheatre that is closed off from the sea; and
- (c) increase the overall potential for commercial development, including incorporating into the scheme area the adjacent site currently occupied by the Tsim Sha Tsui Fire Station Complex.

8. In March 2003, we announced that the SC had agreed that the core arts and cultural facilities in the WKCD should comprise a theatre complex, a major venue for indoor performances, a cluster of museums and diverse venues for open-air cultural and entertainment events. We also announced that we intended to invite development proposals from the private sector around the middle of 2003.

#### *Development Brief*

9. The SC has drawn up a development brief for preparation of the preliminary masterplan which will set out a “baseline scheme” for development of the site, i.e. the Foster scheme and our modifications to it. A computer-generated image of the baseline scheme is at **Annex C**. Proponents will be able to depart from the baseline development parameters – e.g. by proposing a higher development intensity or a different mix of uses – provided that they do not compromise the canopy or the overall character of the Foster scheme. This will provide proponents with considerable flexibility in the design of the main revenue-producing parts of the project and therefore assist them to devise financially viable proposals.

C

#### *Core Arts and Cultural Facilities*

10. The development brief will require the provision of the following core arts and cultural facilities –

- (a) a theatre complex comprising a main theatre with a seating capacity of at least 2,000 seats, and two smaller theatres, one with at least 800 seats and one with at least 400 seats. All of the theatres will be equipped with state of the art stage facilities and together will form a world class facility for the staging of drama, music, opera and dance performances;
- (b) an enclosed performance venue with a seating capacity of at least 10,000 seats. Versatility and flexibility will be key considerations, so that the venue will be able to hold many different types of large-scale cultural and entertainment events;
- (c) an open air “water amphitheatre” with a seating capacity of at least 5,000 seats, equipped for water, light, laser and live performances and taking advantage of the spectacular harbour view;
- (d) at least four diverse open air piazza areas where visitors can watch performances in an informal and original setting; and
- (e) a museum cluster comprising four museums of differing themes and an art exhibition centre. These facilities will form a loose cluster, with generous provision of open space between them so that they are very relaxing places to visit and walk around.

11. The above list of core arts and cultural facilities has been drawn up by the Home Affairs Bureau after consulting the arts and cultural community, and considering views expressed by tourism and business sectors and other interested parties, on the need for different types of facilities and the types of events that should be catered for. Project proponents will be given as much freedom as possible to produce landmark architectural designs for these major facilities. They will also be free to provide additional arts and cultural facilities. We envisage that the great majority of the arts and cultural facilities will be covered by the canopy.

## **Invitation For Proposals**

12. Taking into account that –
- (a) the project is large and complex and proponents will have considerable flexibility in framing their proposals; and
  - (b) we wish to negotiate with proponents before we select a successful one and tendering procedures do not readily provide for such negotiations,

we intend to issue an “Invitation For Proposals” (IFP).

13. Among other things, the IFP will invite submission of a preliminary masterplan based on our development brief and supporting technical, financial and operation proposals, including the amount of land premium offered, if any, and a comprehensive business plan setting out a strategy for establishing the WKCD as a world class arts, cultural and entertainment attraction. It will also require proponents to demonstrate that they have sound financial backing, the ability to finance their proposed level of investment and a sustainable financing plan.

## **Selection of the Successful Proposal**

14. We intend to seek the views of Members of the Legislative Council before the preferred proposal is finally adopted. The authority for selection of the successful proponent will be the Chief Executive in Council.

## **Project timetable**

15. We anticipate issuing the IFP in August 2003. Allowing about six months for the preparation of proposals and time for us to assess them in detail, negotiate with proponents and take the necessary decisions, we anticipate being able to select the successful proponent by the end of 2004 or early in 2005. Allowing time for the signing of the necessary project agreement and the successful proponent to prepare the detailed masterplan and building

designs and obtain statutory approvals, we envisage that construction will commence by April 2006 and that the core arts and cultural facilities will come into operation in phases from the end of 2009 onwards. The phasing of the canopy and the commercial and residential development will be left to the proponent.

16. Members will be kept informed of progress with the project as it moves ahead.

Housing, Planning and Lands Bureau  
June 2003



## **Steering Committee for Development of the West Kowloon Cultural District**

### **Terms of Reference**

To steer the development of the West Kowloon Cultural District to a successful conclusion.

### **Membership**

Chief Secretary for Administration (Chairman)  
Secretary for Housing, Planning and Lands (Deputy Chairman)  
Secretary for the Environment, Transport and Works  
Secretary for Financial Services and the Treasury  
Secretary for Home Affairs  
Secretary for Justice or her representative  
Permanent Secretary for Planning and Lands  
Commissioner for Tourism  
Director of Architectural Services  
Director of Lands  
Director of Leisure and Cultural Services  
Director of Planning  
Director of Territory Development



**Annex B to LC Paper No. CB(1) 322/03-04(06)**

**LegCo Question No.1**

(Oral Reply)

Date of sitting : 12 November 2003

Asked by : Hon. James Tien

Replied by : Chief Secretary for Administration

Question :

The Government has advised that it will award the construction and operation of the entire 40-hectare West Kowloon Cultural District development project to a single developer by tender. In this connection, will the Government inform this Council:

- (a) whether it has assessed if the project's scale will reduce to only a few number of developers capable of bidding, and will result in restricting the choice of bidders, an undesirable tender price, and the Government placing itself in an unfavorable position in negotiating the details of the project with the successful bidder; of the reasons for not considering splitting the project and inviting separate tenders, or putting up the part of the land earmarked for commercial uses for sale by tender, so as to use the land sale proceeds for developing recreational and cultural facilities;
- (b) as the culture and art sectors have expressed concern that assigning the development of the cultural district to profit-oriented developer(s) might eventually turn it into a place unworthy of its name, whether it plans to conduct a new round of consultation with these sectors on the approach to be adopted for the development; if so, of the details of the consultation; if not, the reasons for that; and
- (c) of the monitoring measures in place to avoid the project deviating from its original objectives, in terms of construction and long-term operation?

Reply:

Madam President,

I would first like to thank Mr Tien for raising this question, for the West Kowloon Cultural District development is a project which the public care about greatly. Before I address Mr Tien's specific points, perhaps it would be helpful to Members if I elaborate a little on the underlying philosophy and intentions of the Government in inviting the private sector to submit proposals for the development of the West Kowloon Cultural District.

The Chief Executive set out clearly in his 1999 Policy Address that the Government intended to enhance the provision of arts, recreational and entertainment facilities which will enrich Hong Kong's quality of life and fascinate tourists with Hong Kong's unique culture, a blend of Chinese and Western elements. It is also our objective to establish Hong Kong as not only a major Chinese city, but also the most cosmopolitan city in Asia, with great depth of cultural talent, among other things. To this end, the southern part of the West Kowloon Reclamation was earmarked for development into an integrated arts, cultural and entertainment district. West Kowloon Reclamation is perhaps the most important and precious remaining site at a prominent part of our harbour. We must make the best use of this valuable asset in the widest interests of not only ourselves but also our future generations. We cannot afford to have a development on this site not matching the best in the world.

In 2001, we held an open competition to find a suitable concept plan for the development of the West Kowloon Cultural District and have since adopted the first prize winning concept plan, created by one of the world's most renowned architects, as the basis for the development.

Members are aware that, in Hong Kong, major new arts and cultural facilities have traditionally been provided by the Government. We think that it is time for a change. In August 2003, we published a document called "Serving the Community by Using the Private Sector", which made it clear that, in the face of our current major budgetary difficulties, we planned to utilize the private sector more in improving government services. And indeed one of the stated arts and cultural objectives of the West Kowloon Cultural District development is the encouraging of private sector participation in the rendering of cultural services in Hong Kong. So not only does Government's fiscal position make it difficult to allocate funds for development of major new arts and cultural facilities, but we believe that such facilities can and should be run with greater commercial expertise than the Government is able to provide.

As such, we incorporated from the outset, even before launching the concept plan competition in April 2001, a certain amount of commercial development in the district to enhance its financial viability. This is to break through the conventional wisdom that the development and operation of major arts and cultural facilities will not be profit making. At the same time, it gives the developer maximum flexibility in enhancing the general appeal, richness and creativity of what the district may offer in the promotion of arts

and culture in Hong Kong. It may also enable Hong Kong to create a new architectural icon on its world renowned waterfront. The invitation for development proposals that we issued on 5 September 2003 has been framed accordingly.

Turning to Mr Tien's specific questions –

(a) In offering this substantial project as a single package, the Government must be sure that the successful proponent has the financial strength and management experience necessary to see the project through satisfactorily. Proponents also have to be able to attract the participation of parties experienced in the design and operation of arts, cultural and entertainment facilities. This is not an unreasonable requirement given the nature and scale of the project. Nor has this shown to be unreasonably restrictive. We have now received written indication from eleven substantial entities expressing interests in undertaking this development. We must assume that they consider that they meet the experience requirement and intend to submit a proposal in due course.

There is no question of the Government placing itself in an unfavourable negotiating position because the scale of the project is large. Regardless of how many proposals we receive by the closing date next March, we will negotiate for arrangements that meet our objectives and are in the best interests of the community. Failing such arrangements, we shall not conclude any deal.

As regards achieving a fair price for the land, the invitation for proposals states that we expect the project to be run on a self-financing basis and that financial proposals should include details of payments to Government, such as land premium. This is consistent with inviting the private sector to devise a financially viable scheme. It also makes it quite clear that the exercise is not about generating the highest possible return to general revenue, but producing a scheme that best meets our objectives for the site as a world class cultural and entertainment district. If this could not be achieved, we would rather abandon the project.

Dividing the project into smaller packages and inviting tenders would first require the Government to draw up a master layout plan based on uncertain assumptions of what would be commercially viable. This would be dangerous. As the Government cannot fund construction of the arts and cultural facilities, they would have to be distributed among different packages, thereby losing the opportunity for integrated and complementary design of these facilities. This arrangement is far from satisfactory and it risks our objective of creating an architectural icon. Also, the Government would have to design the canopy, the automated people mover and other infrastructural features that serve the whole development without knowing how they would interface with the design of buildings in the district. This would also be dangerous. Conducting multiple tender exercises would leave us with the extremely difficult task of drawing up multiple sets of complex interlocking land leases, which may lead us into costly litigation in future. And we would have to allocate substantial additional resources to project management and, in due course, venue operation, at the expense of other

priorities.

We are satisfied that dividing the project into multiple packages is an undesirable way of implementing it. The result would simply be a cacophony of separate facilities, and serious delay for them to come into operation. Tendering out smaller packages with a view to using the land sale proceeds for developing the cultural facilities is impractical and this would involve hypothecating general revenue. The prospect of securing public funds of the size required for providing these arts and cultural facilities is remote given the many other competing claims. We consider that the single package approach is the optimal way forward and in the wider public interests of Hong Kong.

(b) The Government shares the concern of the arts and cultural community and others who have expressed similar views that pursuit of development profits should not be allowed to compromise our objectives for a world class cultural district. I can assure Members that we are prepared to abandon the current exercise if no proposal meets our expectations for the cultural provision. We will not let the project proceed as a real estate development with second-rate cultural facilities or half-hearted commitment to their operation and programme content.

Consultation with the arts and cultural community over the facilities, their operation and their content has been an essential part of our strategy in developing the way forward. In 2000, that is before launching the concept plan competition, we consulted the real estate sector, professional institutes

and the arts and cultural sector. In September 2002, we consulted the arts and cultural community before deciding upon the core arts and cultural facilities to be included as mandatory requirements in the invitation for proposals. Since issuing the invitation in September this year, we have held discussions with professional institutes and engaged in a number of public consultation sessions, such as those held recently by the Hong Kong Arts Development Council and other bodies. And we will continue to listen to views from members of the arts and cultural community on the governance and operation of the core arts and cultural facilities.

(c) The Government will ensure that monitoring measures are put in place to ensure that the cultural district is built and operated as envisaged.

The invitation for proposals requires among other things that the successful proponent should submit certain important design components, such as the master layout plan and schematic design of the major buildings, for Government's approval and appoint an independent checker to certify design work and achievement of construction milestones. It also requires proponents to submit detailed business plans, including the proposed modes of governance and operation, mission statement, programme policy, business strategy, operation plan and human resources strategy for Government's assessment. We will study all the proposals carefully and assess whether they can achieve the expected service quality.

As regards operation of the cultural facilities, we recognize that developers alone are unlikely to be able to deliver high quality arts and

cultural facilities and programmes. The construction and operation of such facilities require specialist expertise and experience. We therefore expect proponents to engage the services of parties with proven experience and competence in the relevant arts and cultural fields and forge partnerships with local and international cultural institutions to assist them with the design, planning, operation and management of the arts and cultural facilities. The Government will monitor the future operation, maintenance and management of the cultural facilities. We shall develop matching monitoring mechanisms when we have seen the proponents' proposals.

Madam President, we accept that divided views are inevitable in pursuit of a world-class development of this kind in any open society. Masterpieces such as the pyramid at the Louvre in Paris, the Opera House in Sydney and the Guggenheim Museum in Bilbao were not built without generating a healthy amount of controversy, but built they were and they stand now as everlasting cultural icons. With careful planning and conscious effort to stress the wider public interest, Hong Kong can reach the same cultural heights at West Kowloon.



