

**Opinions from the Strategy Committee of  
the Hong Kong Arts Development Council to  
the Academic Financial Study for the West Kowloon Cultural District**

**Background**

Earlier this year, the Hong Kong Arts Development Council (ADC) has commissioned the Centre for Cultural Policy Research of the University of Hong Kong to conduct an Academic Financial Study (the Financial Study) for the West Kowloon Cultural District Project (the Project). The research team includes Dr. Desmond Hui, Dr. K. C. Wong and their researchers. A briefing was held by ADC on 10 May 2004 at the Hong Kong Museum of History to announce the results of the Financial Study. Around 100 people attended the briefing including developers, arts practitioners and the media. The Financial Study was uploaded on ADC's web and submitted to relevant officials of the Government after the briefing.

**Strategy Committee's Opinions to the Financial Study**

The Financial Study provides an important reference in respect of the areas of special concern to the arts community. Following are the preliminary opinions of the Strategy Committee (SC) of the ADC on the Financial Study. The ADC's Full Council will shortly discuss the Financial Study and its views will be compiled and submitted to the Government and released to the public thereafter.

The opinions of the SC are categorised under i) Other Arts and Cultural Facilities, ii) Trust Fund and iii) Operation of the Arts and Cultural Facilities.

**Other Arts and Cultural Facilities**

1. The West Kowloon Cultural District Project will become the future landmark of arts and culture in Hong Kong. The Successful Proponent who is given the task of master planning and overall co-ordination of the Project thus has the responsibility as well as the capability to provide "Other Arts and Cultural Facilities" in order to achieve this important objective of the Project. The resources devoted to Arts and Culture should therefore represent a reasonable proportion of the entire project in order that WKCD's mission of creating a cultural hub would be fulfilled.
2. ADC conducted a questionnaire survey on the WKCD project in February 2004. According to the professional views from the arts community, "Other Arts and Cultural Facilities" should include a youth arts centre, *Xiqu* resources centre, Black-box theatre, Creative Industries Center and World Culture Center to nurture diversity and pluralism reflecting different aspects of arts and culture and arts in HK. The Proponent should make reference to the outcome of the questionnaire survey in its overall planning, and consider the synergy effects of the location, architectural style and interaction of these facilities to ensure high effectiveness in achieving the Project's objective.

3. “Other Arts and Cultural Facilities” should create a platform for dynamic interaction as well as cross-stimulation among different art forms, styles, periods and cultural origins. These facilities should also fulfill the need for a critical mass of cultural endeavours in order to generate attention and discussion in the international arena for arts and culture.

### **Trust Fund**

4. According to the Financial Study, the Successful Proponent who will have overall control of the development should be in a position to acquire a surplus from the commercial portion which would be adequate for the setting up of a Trust Fund. Managed for the benefit of the statutory body operating the WKCD, the investment income of the Trust Fund should be used to subsidise the operation of the Arts and Cultural Facilities. The Trust Fund would thus remove the uncertainties of the 30-year liability to meet operating deficits on the part of the proponent, who would then be in a better position to put up financial proposals that are more beneficial to arts and culture.
5. The primary function of the Trust Fund would be to produce a stable and foreseeable income for the Arts and Cultural Facilities. It should therefore ensure that the operation of WKCD would not be subject to the uncertainties arising from Government budget constraints, possible changes in the long-term commitment to the arts on the part of the Successful Proponent, possibly conflicting commercial and arts interests, or the unavoidable cyclical fluctuations in the real estate market.
6. The Trust Fund should also ensure the financial feasibility of the operation of WKCD beyond the 30-year Operating Period and would continue to provide funding at previous levels.
7. The ability of the Trust Fund in providing an independent investment income for the Arts and Cultural Facilities would foster the independence of the development of the arts in HK. More important, it would obviate the likelihood of disputes between the Successful Proponent and the arts community in respect of operational strategy and policy that have substantial financial implications, which could well arise during the 30-year agreement.
8. The Trust Fund should consist of a **minimum amount** together with a **variable** element which could be based on some kind of indexing for the real estate market and calculated nearer the completion and sale/renting of the commercial portion of WKCD. With such a variable element, any upsurge in market prices between now and 2010 would benefit the arts and culture.

### **Operation of the Arts and Cultural Facilities**

9. Government’s accounting practice does not provide depreciation of capital assets. The Financial Study’s model of operation under government principles should therefore be so amended and with the deletion of the substantial annual provision for depreciation of capital assets, there would be little financial difficulties in operating the Arts and

Cultural Facilities. (Reference: The Academic Financial Study for the West Kowloon Cultural District, p.13)

10. The museums in WKCD should form partnerships with other museums in the world, not only to minimize the high cost of acquiring collections, but also to enrich their exhibitions, the contents of the collections and the artistic level of exhibitions. The Successful Proponent who has control over the overall planning of all four museums should be in a strong position to strike the best deals in terms of partnerships with overseas museums.