

**For discussion
on 28 April 2006**

**WKCD-274
FMAG/03/2006**

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

Financial Matters Advisory Group

Work Plan and Related Matters

Purpose

This paper invites Members to endorse the proposed work plan at **Annex A** for the Financial Matters Advisory Group (FMAG) and seeks Members' advice on matters related to the work plan.

Advice Sought

2. Members are invited to endorse –
 - (a) the proposed work plan of the FMAG (paragraphs 4 to 5 and Annex A);
 - (b) the transparency and publicity arrangements for the FMAG (paragraph 10 to 11); and
 - (c) the tentative schedule for FMAG meetings (Annex C)

3. Members are also invited to note -
 - (a) the invitation to attend the consultative forums to be held by the Performing Arts and Tourism Advisory Group (PATAG) and the Museums Advisory Group (MAG) (paragraph 9); and
 - (b) the proposed work plans of the Consultative Committee (CC), PATAG and MAG (Annex B).

The Work Plan

4. Guided by its Terms of Reference, the FMAG will focus its work on the following two areas -
 - (a) Financial implications of the Core Arts and Cultural Facilities (CACF)

The FMAG will consider the financial implications for developing and operating the CACF as recommended by the PATAG and MAG and endorsed by the CC; and
 - (b) Preparation of the Public Sector Comparator (PSC) for the development and operation of the CACF

PSC is the hypothetical, risk-adjusted, cost of the Government itself delivering the project output. It will enable comparison of different proposals to develop and operate the CACF. An introduction on

the use and construction of PSC is provided in Paper FMAG/05/2006 for Members' reference.

We propose to engage a Financial Advisor (FA) to assist in the preparation of the PSC and advise on the financial implications of the CACF. The proposed scope of study to be conducted by a FA insofar as it is relevant to the deliberations of the FMAG is set out in Paper FMAG/04/2006.

5. To complement Members' consideration of the financial implications of the CACF, we also intend to ask the FA to conduct a survey on different forms of Public-Private Partnership (PPP) that may be suitable for different facilities in the WKCD. The FA's survey findings on PPP will be presented to Members in due course.

Time Frame and Interface with PATAG and MAG

6. Given the sequential nature of work among the CC and its three Advisory Groups, the FMAG's work plan has to dovetail with those of the PATAG and MAG. The FMAG would only be able to commence its work on the financial implications of the CACF after the CC has endorsed the recommendations of the PATAG and MAG on the CACF, which is expected to be completed in August 2006 the earliest according to the current work plans of the CC, PATAG and MAG at **Annex B**. Time will be tight for the FMAG to work on the financial implications of the CACF and complete a report

to the CC by mid September 2006, in order to meet the CC's target time table.

7. According to the work plans detailed at Annex B, PATAG and MAG will submit their recommendations to the CC in batches. This should facilitate the FMAG to start work earlier. On this basis, we recommend that the FMAG should aim to complete an interim report for submission to the CC in mid-September, and complete the final report as soon as possible in Q4 2006. The FMAG will need to review progress and alert the CC to any changes in its work plan.

Schedule of Meetings

8. Members are invited to endorse the tentative schedule of FMAG meetings at **Annex C**. Exact meeting dates will be confirmed nearer the time taking into account the progress of the work of the other two Advisory Groups and the FA to be engaged by the Government.

Consultative Forums to be held by PATAG and MAG

9. Members will be invited to attend the consultative forums to be held by the PATAG and MAG in May 2006. The FMAG secretariat will collate the views expressed at the consultative forums for Members' ready reference.

Transparency and Publicity Arrangements

10. FMAG meetings will not be opened to the public. In line with the arrangements for the CC and the other two Advisory Groups, agenda and papers of FMAG meetings will be uploaded on the WKCD project website after the meetings to enhance transparency of the process. Special arrangements, however, will be made for any documents which might involve sensitive financial or other confidential information. The FMAG secretariat will consult the Convenor in advance and advise Members' of any special arrangements that need to be made in issuing such documents.

11. The press may take an interest in the deliberations of the FMAG. We recommend that the Convenor should be designated as the FMAG spokesman to meet the press, if needed.

FMAG Secretariat

April 2006

Financial Matters Advisory Group

Proposed Work Plan

(April – Q4 2006)

Tentative Meeting Dates	Tasks
Late April	<ul style="list-style-type: none">- To note the Terms of Reference- To agree on the work plan- To consider the scope of study by the Financial Advisor (FA)- To note the background of Public-Private Partnership (PPP) and Public Sector Comparator (PSC) and Government's cost estimates on the CACF^{Note 1} as a basis for the FA to prepare the PSC- To note the existing cultural policy and background of existing CACF- Declaration of interests
May - July	<ul style="list-style-type: none">- To meet on a need basis (<i>Note : Monthly meetings already scheduled at Annex C</i>)- To consider the financial implications of the findings / recommendations of PATAG and MAG, as endorsed by CC (in batches by circulation)- To note the appointment of the FA (by circulation)
August	<ul style="list-style-type: none">- To consider and endorse the PSC prepared by the FA- To consider FA's qualitative analysis of different PPP modes- To note further findings / recommendations of PATAG and MAG, as endorsed by CC
September	<ul style="list-style-type: none">- To consider FA's interim findings on the financial implications of the proposed CACF

^{Note 1} Government cost estimates on the CACF, based on the requirements set out in the Invitation for Proposals, will be available for reference. The FA will calculate the PSC based on the CACF recommended by the PATAG and MAG as endorsed by CC.

	- To endorse an interim report for submission to the CC
Q4	- To submit the final report to the CC

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

Proposed Work Plans for CC and the AGs

Date	Consultative Committee (CC)	Performing Arts & Tourism Advisory Group (PATAG)	Museums Advisory Group (MAG)	Financial Matters Advisory Group (FMAG)
mid-April (after Easter)	First meeting (21 April) <ul style="list-style-type: none"> - To note the TOR - To note the work done in the past (existing cultural policy, existing arts and cultural facilities, rationale of CACF) - To agree on the workplan - Declaration of interests 	First meeting (24 April) <ul style="list-style-type: none"> - To note the TOR - To examine the work done in the past (existing cultural policy, existing arts and cultural facilities, rationale of CACF) - To agree on the workplan - To consider what to consult in consultative forums - To discuss the need to have access to models and proposals of the three Proponents. - Declaration of interests 	First meeting (24 April) <ul style="list-style-type: none"> - To note the TOR - To examine work done in the past (existing cultural policy, existing arts and cultural facilities, rationale of CACF) - To agree on the workplan - To consider what to consult in consultative forums - To discuss the need to have access to models and proposals of the three Proponents. - Declaration of interests 	First meeting (28 April) <ul style="list-style-type: none"> - To note the TOR - To agree on the workplan. - To consider the scope of study by the Financial Advisor (FA) - To note the background of Public Private Partnership (PPP) and Public Sector Comparator (PSC) and Government's cost estimates on the CACF as a basis for the FA to prepare the PSC - To note the existing cultural policy and

Date	Consultative Committee (CC)	Performing Arts & Tourism Advisory Group (PATAG)	Museums Advisory Group (MAG)	Financial Matters Advisory Group (FMAG)
				background of existing CACF - Declaration of interests
May		- To conduct a total of three to four consultative forums for performing arts venues	- To conduct a total of three consultative forums for museums	
late May/early June		<ul style="list-style-type: none"> - To summarize public views - To examine the proposed performing arts venues in WKCD - To consider other performing arts facilities - To consider other arts and cultural facilities - To consider other issues related to performing arts venue <p>(Note: to enhance efficiency, the papers</p>	<ul style="list-style-type: none"> - To summarize public views - To examine the four preferred museum themes in WKCD - To consider other suggested themes - To examine the requirements of each museum theme which has been reconfirmed - To examine the need and specifications of the Art Exhibition Centre <p>(Note: to enhance efficiency, the papers</p>	

Date	Consultative Committee (CC)	Performing Arts & Tourism Advisory Group (PATAG)	Museums Advisory Group (MAG)	Financial Matters Advisory Group (FMAG)
		discussed and agreed by PATAG will be submitted to the CC for endorsement immediately in batches, so that FMAG could start their work as early as possible.)	discussed and agreed by MAG will be submitted to the CC for endorsement immediately in batches, so that FMAG could start their work as early as possible.)	
July	<ul style="list-style-type: none"> - To consider and endorse the recommendations of the PATAG and MAG. - (Following the endorsement) To forward them to FMAG to do the financial analysis. 	- ditto -	- ditto -	<ul style="list-style-type: none"> - To consider the financial implications of the findings / recommendations of PATAG and MAG, as endorsed by CC. - To note the appointment of the FA
August	- ditto -	- ditto -	- ditto -	<ul style="list-style-type: none"> - To consider and endorse the PSC prepared by the FA - To consider FA's qualitative analysis of different PPP modes - To note further findings / recommendations of PATAG and MAG, as endorsed by CC.

Date	Consultative Committee (CC)	Performing Arts & Tourism Advisory Group (PATAG)	Museums Advisory Group (MAG)	Financial Matters Advisory Group (FMAG)
September	- ditto -			<ul style="list-style-type: none"> - To consider FA's interim findings on the financial implications of the proposed CACF - To endorse an interim* report for submission to the CC - Submit the interim* report to the CC
By end September	<ul style="list-style-type: none"> - To consider and endorse the interim recommendations of the FMAG - Prepare a report for submission to ExCo 			

* In light of the sequential nature of work of PATAG/MAG/FMAG, FMAG may only be able to submit an interim report to the CC in September to meet CC's target time frame. Depending on the progress of the work of PATAG and MAG, FMAG may submit a final report to the CC as soon as possible in Q4 2006. FMAG will keep in view the progress and alert the CC to any changes in its work plan, which may have an impact on the CC's target time frame.

Financial Matters Advisory Group

Tentative Schedule for FMAG Meetings
(as at April 2006)

<u>Date</u>	<u>Time</u>
28 April 2006 (Friday)	10:00 a.m.
27 June 2006 (Tuesday)*	2:30 p.m.
27 July 2006 (Thursday)*	2:30 p.m.
24 August 2006 (Thursday)	2:30 p.m.
21 September 2006 (Thursday)	2:30 p.m.
28 September 2006 (Thursday)	2:30 p.m.
24 October 2006 (Tuesday)	2:30 p.m.

Venue : Conference Room, 25/F, Wanchai Tower, 12 Harbour Road, Wanchai, Hong Kong

* According to the tentative work plan, meetings in June and July are not required but meeting dates are reserved in case there is a need to hold FMAG meetings.