

立法會
Legislative Council

LC Paper No. CB(1)1047/07-08

Ref: CB1/HS/2/04

Paper for the House Committee

**Appointment of Specialist Adviser to assist the
Subcommittee on West Kowloon Cultural District Development
in examining the financial aspects of the
West Kowloon Cultural District project**

Purpose

This paper seeks the support of the House Committee for the appointment of a specialist adviser to assist the Subcommittee on West Kowloon Cultural District Development (the Subcommittee) in examining the financial aspects of the West Kowloon Cultural District (WKCD) project.

Background

2. The Consultative Committee on the Core Arts and Cultural Facilities of the West Kowloon Cultural District¹ ("the Consultative Committee") has recommended to adopt the following financing approach for WKCD --

- (a) Finance the capital costs through an upfront endowment appropriated by the Legislative Council (LegCo) roughly equivalent to the estimated land revenue from the residential, hotel and office part of the commercial sites within WKCD; and
- (b) Vest the retail/dining/entertainment part of the commercial sites with the WKCD Authority (WKCDA) to provide a steady source of recurrent income through rental proceeds to meet the operating deficits of the Core Arts and Cultural Facilities and related facilities.

¹ The Consultative Committee was established by the Administration in April 2006 to re-examine, with a view to re-confirming if appropriate, the need for Core Arts and Cultural Facilities as defined in the Invitation for Proposals and other arts and cultural facilities to be provided in the WKCD and the financial implications of developing and operating these facilities.

3. The Administration has indicated that in line with the financing approach recommended by the Consultative Committee, and assuming the WKCD will be set up in late 2008, it will put up the funding proposal to the Public Works Subcommittee and the Finance Committee in mid 2008 for an upfront endowment of \$21.6 billion to be given to the WKCD upon its establishment to finance the capital costs of the facilities under the purview of the WKCD over the project period.

4. Some members of the Subcommittee have expressed the concern that whether the proposed financing approach is prudent and can ensure financial sustainability hinges very much on whether the assessment made by the Consultative Committee, with the assistance of the Financial Advisor appointed by the Administration, on the financial implications of the WKCD project is sound. At the meeting on 24 January 2008, the Subcommittee agreed that given the complexity of the financial assessment and the substantial technicalities involved, it might be necessary for the Subcommittee to seek the assistance of specialists in its examination of the financial aspects of the WKCD project. The Subcommittee's study in this regard would in turn assist the Finance Committee's scrutiny of the relevant funding proposal in mid 2008.

Selection exercise for appointment of the specialist adviser and the Subcommittee's recommendation

5. At its meeting on 4 February 2008, the Subcommittee agreed that a selection exercise should be conducted for the appointment of a specialist adviser to assist the Subcommittee in examining the financial aspects of the WKCD project. To facilitate early appointment of the specialist adviser, the Subcommittee formed a working group to deal with the matters relating to the selection exercise. Five members of the Subcommittee joined the working group. A selection exercise was then conducted during the past month under the direction and guidance of the working group.

6. The Subcommittee considered the results of the selection exercise at the meeting on 11 March 2008. The relevant discussion paper is at **Annex A**. The Subcommittee recommends that Versitech Limited should be appointed as the specialist adviser to perform the following tasks --

- (a) evaluate the methodology of the financial analysis and the various assumptions used in assessing the financial implications of the WKCD project in the Final Report of the Financial Advisor for the Development of the West Kowloon Cultural District and Related Matters (the Final Report);

- (b) evaluate the validity of the results of the financial analysis and sensitivity tests, including the estimation of the costs and revenues of the arts and cultural facilities of WKCD, particularly M+, in the Final Report;
- (c) evaluate the recommendations made in the Final Report on the financing approach to the WKCD project, and comment on the Government's financing proposal for the project having regard to the findings of the report on "Economic impact of developing the West Kowloon Cultural District" prepared by the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office;
- (d) advise the Subcommittee on whether the financial analysis in the Final Report is adequate in assessing the financial viability and sustainability of the WKCD project and how to determine the appropriate financing arrangements for the WKCD project; and
- (e) attend meetings of the Subcommittee to provide advice, present findings and answer queries in relation to the above tasks.

The Subcommittee also recommends that Versitech Limited should be remunerated for the required deliverables and services (excluding attendance of Subcommittee meetings) at a lump sum fee of HK\$629,200, and the fee for attendance of Subcommittee meetings should be \$1,100 per hour per member of the consultancy team, subject to no more than \$4,400 for a two-hour meeting.

The way forward

7. The LegCo Commission endorsed certain arrangements for the appointment of specialist advisers for Panels and other committees of the Council on 21 October 2003. Members were informed of the arrangements vide a circular issued on 18 November 2003 (**Annex B**). The arrangements have been followed in the conduct of the present selection exercise. According to the "Schedule of Approving Authority for Procurement of Stores and Services" of the LegCo, the Commission is the approving authority for procurement of stores or services at a value above \$500,000.

8. As the Subcommittee is a subcommittee formed by the House Committee, the Subcommittee considers it appropriate to seek the support of the House Committee for the proposed appointment of specialist adviser based on the scope of services and schedule of fees set out in paragraph 6 above before the Subcommittee seeks the approval of the LegCo Commission for the appointment.

Advice sought

9. Members' advice is sought on whether the Subcommittee should proceed to seek the approval of the LegCo Commission for the appointment of Versitech Limited as the specialist adviser based on the scope of services and schedule of fees set out in paragraph 6 above.

Council Business Division 1
Legislative Council Secretariat
12 March 2008

立法會
Legislative Council

Paper No. WKCD-526

Ref: CB1/HS/2/04

Subcommittee on West Kowloon Cultural District Development

**Appointment of specialist adviser to assist the
Subcommittee in the study on the financial aspects
of the West Kowloon Cultural District project**

Background

At the meeting of the Subcommittee on West Kowloon Cultural District Development (the Subcommittee) on 4 February 2008, the Subcommittee agreed that a selection exercise should be conducted for the appointment of a specialist adviser to assist the Subcommittee in examining the financial aspects of the West Kowloon Cultural District (WKCD) project. To facilitate early appointment of the specialist adviser, the Subcommittee formed a working group, namely the Working Group on Appointment of Specialist Adviser, to deal with the matters relating to the selection exercise. Five members of the Subcommittee joined the Working Group. Thereafter, the Working Group endorsed the Assignment Brief for the selection exercise and the list of faculties of local universities to be invited to submit proposals.

2. On 12 February 2008, the Secretariat issued invitation for proposals together with the Assignment Brief to all the relevant faculties/departments of the local universities. Two proposals were received by the deadline specified in the invitation. On 27 February 2008, the Working Group conducted an assessment of the proposals and considered the proponent - Versitech Limited, a wholly-owned subsidiary of The University of Hong Kong, suitable for appointment as the Specialist Adviser to perform the tasks and deliver the services as specified in the Assignment Brief. The relevant extract from the Assignment Brief is at **Appendix I** (English version only). The Working Group however considered that the fee quoted by Versitech Limited was higher than anticipated for the Assignment, and directed the Legislative Council Secretariat to negotiate with the proponent on the fee aspect.

Present position

3. As a result of the negotiation, Versitech Limited has agreed to adjust the proposed lump sum fee for the Assignment downward by 10% to \$629,200 without any reduction in the scope of the tasks and services to be delivered. The fee for attendance of Subcommittee meetings is not included in the lump sum fee. Versitech has agreed to lower the attendance fees to an hourly rate of \$1,100 per member of the consultancy team, subject to no more than \$4,400 for a two-hour meeting. As regards the time schedule for submission of the deliverables, Versitech Limited has proposed to adjust the timing by an extension of about two weeks, in anticipation that the commencement of the Assignment will be deferred by about the same duration.

4. Members of the Working Group have been informed of the negotiation results and have indicated agreement that the Subcommittee's advice should be sought as to whether Versitech Limited should be appointed as the specialist adviser to undertake the Assignment on the basis of the proposed fees and schedule of deliverables set out in paragraph 3 above. Versitech Limited has provided the following information (**Appendix II** - English version only) to facilitate the Subcommittee's consideration-

- (a) description on the consultancy team;
- (b) description on the role and involvement of the members of the consultancy team;
- (c) description on the understanding of the consultancy team on the objectives of the Assignment;
- (d) a time chart in relation to the various deliverables and events under the Assignment; and
- (e) the revised fee proposal.

The way forward

5. The Legislative Council Commission endorsed certain arrangements for the appointment of specialist advisers for Panels and other committees of the Council on 21 October 2003. The arrangements have been followed in the conduct of the present selection exercise. According to the "Schedule of Approving Authority for Procurement of Stores and Services" of the Legislative Council, the Commission is the approving authority for procurement of stores or services at a value above \$500,000. If the Subcommittee agrees to appoint Versitech Limited as the specialist adviser on the basis of the proposed arrangements including the fees set out above, the House Committee's support

would be sought by circulation of a paper in accordance with Rule 75(17) of the Rules of Procedure. Subject to the House Committee providing its support, the Subcommittee will seek the approval of the Legislative Council Commission for the appointment.

Advice sought

6. Members' advice is sought on whether Versitech Limited should be appointed as the specialist adviser to undertake the Assignment on the basis of the proposed fees and schedule of deliverables set out in paragraph 3 above.

Council Business Division 1
Legislative Council Secretariat
10 March 2008

Extract from Assignment Brief

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B. Objective of the Assignment

1. The objective of the Assignment is to provide assistance to the Subcommittee in its examination of the information provided by the Government on the financial aspects of the WKCD project.

C. Scope of the Assignment

2. The main tasks of the Assignment are --
- (a) evaluating the methodology of the financial analysis and the various assumptions used in assessing the financial implications of the WKCD project in the Final Report;
 - (b) evaluating the validity of the results of the financial analysis and sensitivity tests, including the estimation of the costs and revenues of the arts and cultural facilities of WKCD, particularly M+, in the Final Report;
 - (c) evaluating the recommendations made in the Final Report on the financing approach to the WKCD project, and commenting on the Government's financing proposal for the project having regard to the findings of the report on "Economic impact of developing the West Kowloon Cultural District" prepared by the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office; and
 - (d) advising the Subcommittee on whether the financial analysis in the Final Report is adequate in assessing the financial viability and sustainability of the WKCD project and how to determine the appropriate financing arrangements for the WKCD project.

D. Deliverables and time schedule for submission of deliverables

3. The Specialist Adviser shall produce and submit the following deliverables to the Subcommittee by the respective specified timing --

- (a) an outline of the final report of the Assignment, with separate Chinese and English versions, by 10 March 2008;
- (b) an executive summary of the final report of the Assignment, with separate Chinese and English versions, by 30 April 2008; and
- (c) the English version of the final report of the Assignment by 30 April 2008 and the Chinese version of the final report by 15 May 2008.

4. The Specialist Adviser shall make revisions and supplements to all deliverables as may be required by the Subcommittee within one month from the date of the submission of the deliverables to the Subcommittee.

5. The Specialist Adviser shall provide an electronic copy of all the above deliverables at the same time of the submission of the deliverables in a format that is suitable for uploading onto the website of the Legislative Council.

E. Services to be provided by the Specialist Adviser

6. The Specialist Adviser shall, from time to time, as may be required by the Subcommittee, attend meetings of the Subcommittee in the course of the Assignment and during the two months following the submission of the final report of the Assignment. At those meetings, which may be closed meetings or open meetings of the Subcommittee, the Specialist Adviser shall provide advice, present his⁶ findings and comments and answer queries in relation to the tasks specified under this Brief.

7. The Specialist Adviser shall, as may be required by the Subcommittee, respond to queries in writing raised within a period of two months after the final submission of the deliverables specified under this Brief.

8. Throughout the course of Assignment, the Specialist Adviser shall need to consult and liaise closely with the Legislative Council Secretariat, in particular the Clerk to the Subcommittee, regarding the attendance of Subcommittee meetings and submission of papers and reports to the Subcommittee.

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⁶ Words and expressions in this Brief importing the masculine gender include the feminine and neuter genders.



VERSITECH LTD.

The University Technology Transfer Company

Consultancy for

**The Specialist Advisor to the Subcommittee on
West Kowloon Cultural District (WKCD) Development
for the Study on
The Financial Aspects of the WKCD Project**

for

The Legislative Council Commission

**By
Versitech Limited**

Date: March 10, 2008

Version: 1.1

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Description of the Consulting Team

The Assignment will be carried out by the Consulting Team, comprising a team of professors and researchers led by Dr. K.C.Wong. The Consulting team comprises the following core members.

Team Leader and Co-ordinator – Dr. K C Wong

Nationality: Hong Kong SAR, China

Qualifications: BSc(BS), B Building, PhD, MRICS, MHKIS

Dr K C Wong is Associate Professor at the Department of Real Estate and Construction of The University of Hong Kong. He practiced in the industry for 7 years, and is a Chartered Surveyor by profession. He has been a full time faculty member at The University of Hong Kong since 1993. He has been Course Director of MSc Real Estate, and is now the Course Director of BSc Surveying. He has been serving as Dean of St. John's College, HKU, since 1995.

Dr. Wong's main research interest is in land economics, real estate economics, and in Intelligent Buildings. He has published widely in these areas in peer-reviewed academic journals.

Dr. Wong was a consultant to the Planning Department of Hong Kong in 1992, evaluating the engineering costs for infrastructures of alternative planning options for non-Metroplan areas.

He was also appointed by the Art Development Council in 2004 to carry out An Academic Financial Study for the West Kowloon Cultural District, which is most relevant to the current Assignment.

Co-Investigator 1 – Professor K.W. Chau

Nationality: Hong Kong SAR, China

Qualifications: BSc(BS), B Building, PhD, FRICS, FHKIS, FCIIOB

Professor K W Chau is the Chair Professor of Real Estate and Construction of The University of Hong Kong. He has been a full time faculty member at The University of Hong Kong since 1987. He served as Dean of Faculty of Architecture during 2002-2005. Professor Chau has also served as visiting/advisory professor of Tsinghua University, Tongji University, Tianjin University, South China University of Technology and Chongqing University.

He has received many awards including the 1999 International Real Estate Society Achievement Award and The University of Hong Kong Outstanding Young Researcher Award (1999), The University of Hong Kong Outstanding Research Student Supervisor Award (2004) and a number of best paper and research project awards. Professor Chau's main areas of research are real estate economics and real estate finance and construction economics. He has published many papers on Hong Kong's land and housing market. He is now serving on the editorial boards of 10 peer-reviewed academic journals.

He has been appointed by the Government of Hong Kong Special Administrative Region (HKSAR Government) to serve on the Town Planning Appeal Board. In the past, he had also served on the Appeal Tribunal (Buildings). He has many years of experience in real estate research and consultancy. He has done many consultancy works for both public and private organizations such as the Judiciary (Lands Tribunal), Audit Commission and Housing Department of the HKSAR Government; Land Development Corporation of the Guangzhou Government, Hong Kong Real Estate Developers Association, Hong Kong Construction Association, DTZ International, First Pacific Davis, Jones Lang LaSalle, Smith New Court Far East Limited. He has also appeared in Court as expert witness on valuation issues. He is the creator of a series of real estate price indices (The University of Hong Kong Real Estate Index Series) that are now being used for trading of property derivatives in Hong Kong.

Co-Investigator 2 – Dr. Tse Kwok Sang (Maurice)

Qualifications: BSc (HKU), M.Sc., MBA, (Michigan), Ph.D. in Finance

Dr. Tse is Director of the Centre for Asian Entrepreneurship and Business Values, Associate Dean of Faculty of Business and Economics and Associate Professor of Finance at The University of Hong Kong. Dr Tse's main research areas are finance and real estate finance. He has published in both main stream finance journal and the more specialized real estate finance journals. He current research projects includes commercial lease, land auction, real estate risk and credit rating.

Dr Tse has done consultancy works in both real estate and finance for the Hong Kong Estate Agents Authority, Hong Kong Monetary Authority, Merrill Lynch (Asia Pacific) Ltd and State of Indiana, USA. He is Convenor and member of the Community Research Committee and member of the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption. He is also a co-opted Executive Councillor of the New Territories Heung Yee Kuk and member of the Member of Examination Panel of the Estate Agent Authority

Co-Investigator 3 – Dr. Kelvin S.K. Wong

Nationality: Hong Kong SAR, China

Qualifications: BSc (Surv), PhD, PFM

Dr. SK Wong is currently an Assistant Professor of the Department of Real Estate and Construction, the University of Hong Kong. He has done a lot of housing price research in Hong Kong, including policy effects on housing prices, the construction of housing price indices, real estate pricing models, etc. He teaches real estate economics in HKU and, at the same time, serves as a Visiting Scholar of the University of Melbourne. He is an excellent researcher and will provide full support to the Project Leader for the Assignment.

Co-Investigator 4 – Dr. Yung Ping

Qualifications: BSc (Surv), PhD, MRICS, MHKIS

Dr. Yung Ping is currently a Post-Doctorate Fellow of the Department of Real Estate and Construction, the University of Hong Kong. He is a Chartered Surveyor by profession, and has extensive experience in surveying practice. Dr. Yung has been Senior Quantity Surveyor in Davis Langdon & Seah Hong Kong / China Limited, during which time Dr. Yung has been project surveyor for Beijing Capital International Airport Terminal 3 Extension. Dr. Yung is an expert in construction costs and risks. He will provide full support to the Project Leader for the Assignment.

Proposed Role and Involvement of Members

No	Name & Role	Duration of Involvement (Man-hours)	Deliverables to be Responsible
1	Dr. K C Wong Project Leader	64	Principal investigator, coordinator, and principal author of the report
2	Prof. KW Chau Co-Investigator 1	48	Methodologies, Alternative methods of procurement, risk analysis, economic impacts
3	Dr. Maurice KS Tse Co-Investigator 2	6	Alternative methods of financial analysis, economic impacts
4	Dr. SK Wong Co-Investigator 3	40	Risks and sensitivity analysis, and economic impacts
5	Dr. Yung Ping Co-Investigator 4	96	Costs, revenues, and net present value analysis
Sub-Total		254	
4	Research Assistants	160	Literature review, further research on relevant cases and data
Total		414	

Understanding of the Assignment Brief

Objective of the Assignment

The objective of the Assignment, as stated in the brief, is to provide assistance to the Subcommittee in its examination of the information provided by the Government on the financial aspects of the WKCD project.

In order to achieve this objective, it is the Specialist Advisor's responsibility to advise, present his findings, and comment and answer queries, on the four main tasks as specified in Section C of the Assignment Brief; and provide a written report in relation to these tasks.

Key Issues in Relation to the Four Specific Tasks

The tasks of the Assignment are provided in Section C of the Assignment Brief as follows:

- (a) evaluating the methodology of the financial analysis and the various assumptions used in assessing the financial implications of the WKCD project in the Final Report;
- (b) evaluating the validity of the results of the financial analysis and sensitivity tests, including the estimation of the costs and revenues of the arts and cultural facilities of WKCD, particularly M+, in the Final Report;
- (c) evaluating the recommendations made in the Final Report on the financing approach to the WKCD project, and commenting on the Government's financing proposal for the project having regard to the findings of the report on "Economic impact of developing the West Kowloon Cultural District" prepared by the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office; and
- (d) advising the Subcommittee on whether the financial analysis in the Final Report is adequate in assessing the financial viability and sustainability of the WKCD project and how to determine the appropriate financing arrangements for the WKCD project.

The key objectives in these evaluations and advices, as we understand them, are to decide whether the current methodology, assumptions, estimates of costs and revenues, and results, as provided in the Final Report, are sufficient to:

- (1) provide a reasonably clear and realistic picture of the overall financial

- performance of the proposed WKCD project, given currently available data;
- (2) deduce conclusions and recommendations drawn in the Final Report; and
 - (3) allow the relevant authorities to manage the financial performance of the project effectively during the course of its planning, development and operation. This is particularly important when the actual financial performances diverge substantially from the assessments provided in the Final Report.

The objectives (1) and (2) above will be achieved by carefully evaluating of the logic of the methodology and assumptions, the basis estimates of costs and revenues, and hence the results and recommendations in the Final Report.

Objective (3) above will be achieved by identifying critical parameters affecting the financial performance of the WKCD project. These parameters may include the level of construction costs, rates of investment return to the endowment fund, general inflation and interest rates, rental performances of retail, dining and entertainment facilities, occupancy rates of hotels, number of visitors to WKCD facilities...etc. These parameters might alternatively be expressed in terms of degree, or percentage, deviations from base case, and they should be studied carefully in sensitivity analysis. These careful studies would help the managing authority to identify critical changes taking place during the course of WKCD's development and operation, which may affect WKCD's financial performance substantially. This may also allow the management to be alert of the changes taking place, and be able to prepare and carry out any contingent financial and management plan on time.

Key Issue in Relation to the Specific Task on Economic Impacts

The second part of the third task, provided in Section C 7(c) of the Assignment Brief requires the "commenting on the Government's financing proposal for the project having regard to the findings of the report on "Economic impact of developing the West Kowloon Cultural District" prepared by the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office".

The objective of this task is therefore to evaluate whether the findings in this report, on economic impacts, is well supported by data and the logic of economic theories. These impacts should also be compared to those of its "opportunity costs": that is, potential economic impacts should the land, where WKCD sits on, be used for other purposes.

Deliverables, duration & events

<u>Date</u>	<u>Duration</u>	<u>Deliverables/events</u>
22 February		Submission of Proposal
19 March		Commencement of Assignment
28 March	10 days	An outline of the final report of the Assignment
	51 days	
19 May		(1) An executive summary of the final report of the Assignment: both Chinese and English; and (2) The final report of the Assignment: English
	15 days	
2 June		The final report of the Assignment: Chinese
	2 months	Attend meetings of the Subcommittee, and respond to queries in writing, if requested.
2 August		End of the 2 month period
	2.5 months	
19 September (approx)		End of the 6 months Assignment period
	21 days	
20 Oct (approx.)		Latest day for the Commission to confirm the acceptance of the deliverables and service

Fee Proposal

The consultancy fee is **HK\$629,200**. This fee includes the services and the mentioned deliverables – the Final Report of the Assignment in both English and Chinese version.

The hourly fee for presentation to the legislative council is **HK\$ 1,100** per man hour subject to no more than \$4,400 for a two-hour meeting. The presentation date(s) shall be with advance notice and shall be subject to the mutually agreed date(s) with the Consulting Team.

立法會
Legislative Council

LC Paper No. CB(1) 344/03-04

Ref : CB1/PL/G/1
Tel : 2869 9220
Date : 18 November 2003
From : Assistant Secretary General 1
To : All Members of the Legislative Council

Appointment of Specialist Advisers for Panels

At its meeting on 21 October 2003, The Legislative Council Commission (the Commission) endorsed the arrangements for the appointment of specialist advisers for Panels. This circular provides the background and details of the arrangements.

Background

2. A Panel provides a forum for the exchange of views on Government policies and issues of public concern, and for the Administration to consult Members on major legislative and financial proposals before these are formally introduced into the Council or the Finance Committee. In considering a policy matter or an issue of public concern, a Panel requires background information for its deliberation. In addition to receiving briefings from the Administration, the Panel may invite public views on the policy matter or issue, including those of the trades/industries and professional bodies concerned and the academia. Where feasible, the Panel Clerk and/or the Research and Library Services Division (RLSD) of the Secretariat may provide a background brief or information note to the Panel on the subject concerned prior to deliberation. The Panel may also request the RLSD to undertake research studies, making references to the relevant practices and experiences of other places.

3. Such a mode of operation has so far proved effective. However, given the rapid development and advancement in fields or areas such as information technology, financial systems, medicine, ecology and environmental conservation, physics, engineering and other sciences, Panels may from time to time come across policy matters or issues which are highly technical. It may be necessary for a Panel to seek the assistance of an independent specialist adviser in understanding a subject,

so as to facilitate members' consideration of the policy proposal put forward by the Administration and the views presented by deputations.

Arrangements for engagement of Specialist Advisers

4. In reviewing the organization and structure of the Legislative Council Secretariat, the Commission considers it appropriate to appoint experts as specialist advisers to provide independent advice to Panels if and when the circumstances so warrant. Specialist advisers should be appointed only on an ad hoc basis and for a defined period to give objective specialist advice on specific issues which are highly technical in nature. Specialist advisers may prepare papers and/or give internal briefings to the Panel.

Selection of specialist advisers

5. It would be for a Panel to decide on whom should be appointed as specialist advisers for the Panel. Where necessary, a Panel may form a working group to deal with matters relating to the appointment of specialist adviser(s) for the Panel. Specialist advisers to be appointed should have up-to-date knowledge about the issue on which he will advise the Panel. Therefore, prospective candidates for appointment should not be confined to academics or retired professionals/practitioners.

Remuneration

6. Specialist advisers should be granted an honorarium at a standard rate to be determined by the Commission for each hour of attendance at meetings/briefings of Panels. Where the service requires extensive research and analytical work, a lump-sum fee may be negotiated subject to normal procedure in the procurement of service. A specialist adviser may choose not to receive any honorarium for his/her service. For the 2003-04 legislative session, the Commission has agreed to the rate of HK\$1,100 per hour for a specialist adviser's attendance of meetings with Panel members. Appointment of specialist advisers should be made by the Commission.

Declaration of interest and confidentiality undertaking

7. To ensure the impartiality and integrity of specialist advisers, the person to be appointed should be asked to declare his/her interest, real, apparent or potential, in the subject concerned for the relevant Panel's consideration in the selection process. Specialist advisers, once appointed, should be required to report any interest that may arise in the course of their service to Panels. To avoid role conflict, the specialist advisers should not at the same time give views on the field or subject to the Panel in the capacity of a deputation.

8. Specialist advisers should keep confidential all information which comes to their knowledge or possession in the course of their service to Panels, and should not divulge or communicate to any other person any advice he/she provides to Panels.

9. Further details on the appointment procedures are separately provided to the Panel Clerks. Any questions on this circular may be directed to me or Ms Anita SIT at 2525 3331.

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a smaller 'G' and a horizontal line extending to the right.

(Ms Pauline NG)
Assistant Secretary General 1