

For Information on
7 September 2009

LegCo Panel on Home Affairs and Panel on Development

**Joint Subcommittee to Monitor the Implementation of
the West Kowloon Cultural District Project**

The West Kowloon Cultural District Project

PURPOSE

This paper aims to respond to the questions raised by the Subcommittee at its meeting on 19 June 2009 regarding the progress of the organisation establishment of the West Kowloon Cultural District Authority (the Authority) and expenditure distribution of the West Kowloon Cultural District (WKCD) project, as well as “A summary of concerns raised by LegCo Members in the Third LegCo in relation to the West Kowloon Cultural District project and the Administration's responses and undertakings” and the questions raised by the Honourable Alan Leong Kah-kit in this regard referred by the Secretariat.

**PROGRESS OF THE AUTHORITY'S ORGANISATION
ESTABLISHMENT**

2. The organisation structure consultant commissioned by the Authority has completed the consultancy report on the Authority's organisational structure, which was endorsed by the Authority. Based on the recommendations in the consultancy report, the Authority will be led by a Chief Executive Officer (CEO), with seven departments which have different functions including the Project Delivery Department, Museum Policy and Management Services Department, Performing Arts Policy and Management Services Department, Marketing, Communications and Programming Department, Finance Department, Human Resources Department and Legal Department. There is also an Internal Audit Department. The Project Delivery Department, Museum Policy and Management Services Department, Performing Arts Policy and Management Services Department, Marketing, Communications and Programming Department, Finance Department and Human Resources Department will each have an Executive Director. There is a General Counsel in the Legal Department. There is an Internal Auditor in

the Internal Audit Department. The organisational structure of the Authority has been uploaded to its website (www.wkcdauthority.hk).

3. The Authority acknowledges the importance of early appointment of the CEO and other senior executives to the WKCD development. The Authority has therefore commissioned head-hunting agencies to proceed in full swing the recruitment of the CEO and other senior executives. Recruitment for these posts has commenced in mid-August 2009. The CEO and various senior executives are expected to assume office by the end of 2009 or early 2010. The Authority will endeavor to involve the CEO in the final selection of candidates for some of the senior executive posts.

EXPENDITURE DISTRIBUTION OF THE WKCD PROJECT

4. The Legislative Council approved a one off upfront endowment of HK\$21.6 billion on 4 July 2008 to the Authority, which was mainly for the capital costs of planning, design and construction of various arts and cultural facilities and related facilities for the WKCD. The costs of individual capital cost items as a percentage of the upfront endowment are tabulated below-

Design, planning and construction costs of various facilities	73%
Periodic major repair and renovation costs of various facilities	13%
Collection and other costs for M+	8%
Masterplanning and project management (costs of the Authority)	6%
Total	100%

5. The WKCD project is a large and complex project, the Authority will make good use of public resources in accordance with the approved ambit. The Authority shares the view that apart from hardware development, it should also plan and organise promotional programmes at different venues all over Hong Kong, including the WKCD site (if feasible), so as to help nurture people's habit in visiting the WKCD site and hence build up audience for the WKCD. Moreover, the team of arts and cultural experts to be recruited by the Authority will be in post by the end of 2009 or early 2010. Apart from formulating the artistic direction and planning the programmes for the WKCD, they will also be responsible for actively co-operating with local (including the Leisure and Cultural Services Department) and overseas cultural institutions in organising programmes to promote the WKCD. On this, when formulating the annual budget on project management, the Authority will have to examine the

suggestions from concerned departments of the Authority in determining the funding to be allocated to such activities.

RESPONSE TO “A SUMMARY OF CONCERNS RAISED BY LEGCO MEMBERS IN THE THIRD LEGCO IN RELATION TO THE WEST KOWLOON CULTURAL DISTRICT PROJECT AND THE ADMINISTRATION’S RESPONSES AND UNDERTAKINGS” AND THE QUESTIONS RAISED BY THE HONOURABLE ALAN LEONG KAH-KIT IN THIS REGARD

6. The Administration’s response to “A summary of concerns raised by LegCo Members in the Third LegCo in relation to the West Kowloon Cultural District project and the Administration's responses and undertakings”, as well as the questions raised by the Honourable Alan Leong Kah-kit in this regard is set out at **Annex**.

**Home Affairs Bureau
September 2009**

Panel on Home Affairs and Panel on Development

**Joint Subcommittee to Monitor the Implementation of the
West Kowloon Cultural District Project**

**Administration's Responses to the Summary of Concerns Raised by LegCo Members in the Third LegCo
in Relation to the West Kowloon Cultural District Project and
the Questions Raised by the Honourable Alan Leong Kah-kit in this Regard Referred by the Secretariat**

(A) West Kowloon Cultural District Authority

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
Functions of WKCDA		
(1) Performance of WKCDA should be assessed by making reference to the objectives stated in the Ordinance	Section 4(2) of the WKCDA Ordinance specifies that the Authority shall perform its functions in ways which aim to achieve its objectives. The Secretary for Home Affairs (SHA) has highlighted some of the Authority's objectives at the Council meeting of 2 July 2008 as follows - (a) to facilitate the long-term development of Hong Kong as an international arts and cultural metropolis;	- Section 34(2)(a) of the West Kowloon Cultural District Authority Ordinance (the Ordinance) stipulates that the West Kowloon Cultural District Authority (the Authority) must specify in the annual report the work and activities of the Authority for that financial year and how they relate to the Authority's functions and the objectives specified in section 4(2) of the Ordinance.

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	<ul style="list-style-type: none"> (b) to uphold and encourage freedom of artistic expression and creativity; (c) to enhance and promote excellence, innovation, creativity and diversity in arts and culture; (d) to develop new and experimental works in arts and culture including inclusive arts for disabled artists; (e) to cultivate and nurture local talents in the arts; (f) to encourage wider participation by the local community in arts and culture; (g) to promote and provide arts education to the local community; (h) to encourage community, commercial and corporate support and sponsorship of arts and culture; and (i) to provide or facilitate the provision of free and accessible open space within the 	

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	<p>leased area to the general public.</p> <p>Section 34(2)(a) of the Ordinance requires WKCDA to specify in its annual report how the work and activities of the Authority in a financial year relate to the Authority's functions and objectives set out in Section 4(2).</p>	
(2) Provision of advice by WKCDA for the regulation of museum services	<p>WKCDA is intended to be a future provider of museum services but not a regulatory or advisory body on museum matters. The Administration will consider whether museum services should be regulated by legislation in the context of its cultural policy on provision and development of museum services. In considering this matter, the Administration will, if necessary, consult stakeholders, including WKCDA.</p>	<p>- The Administration will further enhance the management and services of public museums under the existing cultural policy, and will also encourage the establishment of non-profit making private museums. As regards any legislative proposal, the Administration will prudently consider and duly consult all the stakeholders, including the Authority.</p>
Establishment of the WKCDA Board		
(3) Composition and nomination/election mechanism of the WKCDA Board	<p>WKCDA Board should be composed of a right and balanced mix of individuals with different expertise and knowledge in various fields at different stages of the project. The precise composition of the Board may vary</p>	<p>- The Board of the Authority (the Board) will be composed of a right and balanced mix of individuals with different expertise and knowledge in various fields at different stages of the West Kowloon Cultural District (WKCD)</p>

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	<p>from time to time to tie in with the needs of the different stages of the development and operation of the WKCD facilities. The Chief Executive (CE) will appoint members of the Board having regard to the different needs of the WKCD project at different stages of development, based on the merit of the individuals concerned, including their ability, expertise, experience, integrity and commitment to public service. The Administration is open to any organisation or individual to nominate persons for consideration of appointment to the Board by CE.</p>	<p>project.</p> <ul style="list-style-type: none"> - At the present stage (development and planning stage of the WKCD), one of the main tasks of the Authority is to prepare the Development Plan (DP) for the WKCD which involves complicated issues relating to engineering, planning, connectivity with neighbouring communities, etc. Therefore, in addition to individuals in the arts and cultural sector, the Chief Executive (CE) has also appointed those individuals with knowledge and experience in management, engineering, planning, architecture, accounting and community service to join the Board. - The Home Affairs Bureau (HAB) identified suitable candidates from various sectors for the consideration of the CE for appointment to the Board. HAB understands that collecting views from different sectors is crucial to the success of the WKCD. Soon after the endorsement of the West Kowloon Cultural District Authority Bill in July 2008, HAB wrote to organisations and individuals who had participated in the WKCD project to solicit nomination of candidates for the Board who might help the Authority in

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
		performing its functions.
(4) Criteria for appointing non-public officer members of the Board	<p>Section 6(3) of the Ordinance provides, among others, that -</p> <p>(a) other than the Chairman, the Chief Executive Officer (CEO) and the three public officer members, there shall be not less than eight and not more than 15 non-public officer members to be appointed to the Board;</p> <p>(b) those five or more Board members with arts and cultural background should, in the opinion of CE, have extensive knowledge of, or experience in, or exposure to, arts and cultural activities, or have a good standing in the field of arts and culture; and</p> <p>(c) the other non-public officer members (other than those members with arts and cultural background and the LegCo Member) shall possess experience in management, engineering, planning, architecture, surveying, landscape architecture, accounting, finance,</p>	- Section 6(3) of the Ordinance has already stipulated the composition of Board members who are not public officers. In October 2008, the CE appointed 15 Board members who are not public officers in accordance with the Ordinance.

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	education, law or community service, or such professional or other experience as would, in the opinion of CE, render them suitable for appointment.	
(5) Members of the WKCD Board should not serve as such a member for more than six years	The Administration agrees that in line with the Government's existing administrative guidelines on appointment of non-official members to advisory and statutory bodies, a non-public officer member of the WKCD Board should not serve on the Board in any one capacity continuously for more than six years. The Administration would abide by this rule as far as practicable, but does not consider it necessary to specify this arrangement in the legislation.	- The tenure of Board members is currently set at two years. In appointing Board members in the future, the Government will, as far as practicable, abide by the administrative guidelines on appointment of non-official members to advisory and statutory bodies and refrain from appointing Board members to serve in that capacity continuously for more than 6 years.
Appointment of Committees under WKCD		
(6) Mechanism to enhance the independence and effectiveness of the Audit Committee in performing the internal financial monitoring role	Section 8 of the Ordinance provides, among others, that - (a) the Chairman of any other committee established under the WKCD Ordinance is not eligible for appointment as a member of the Audit Committee;	- No member of the Audit Committee under the Board is the Chairman of any other committee established under the Board. - The Chairman of the Audit Committee, the Honourable Paul CHAN Mo-po, is an incumbent Legislative Council Member representing the accountancy functional constituency. Apart from

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	<p>(b) the Audit Committee should include at least one member with appropriate professional qualifications or accounting or related financial management expertise; and</p> <p>(c) the Audit Committee may comprise individuals who are or who are not Board members.</p>	<p>him, the Audit Committee also includes other members with appropriate professional accounting expertise.</p> <p>- The Audit Committee comprises both Board and non-Board members.</p>
(7) Mechanism for overseeing the management of the investment of the upfront endowment	Section 9 of the Ordinance provides for the establishment of the Investment Committee and Section 23(1) provides that WKCDA shall have regard to the advice of the Investment Committee when investing the funds available for investment.	- The Authority has already established an Investment Committee pursuant to section 9 of the Ordinance to provide advice to the Authority.
(8) Mechanism for determining the remuneration packages for senior executives of WKCDA	Section 10 of the Ordinance provides for the establishment of the Remuneration Committee to advise the Authority on the terms and conditions of employment and pension schemes, etc. and on any other matters relating to allowances, benefits and remuneration of the Authority's employees, former employees or their dependants that is referred or assigned to it by the Board for consideration.	- The Authority has established a Remuneration Committee pursuant to section 10 of the Ordinance. The main function of the Remuneration Committee is to advise the Board on its organisational structure, as well as matters relating to the terms and conditions of employment, remuneration, allowances and benefits for all employees of the Authority.

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
Declaration of interest		
(9) Disclosure of interest by Board or committee members of WKCDA	Section 38 of the Ordinance requires (in addition to the requirement of disclosing interest upon first appointment) a Board or committee member to disclose his interest (a) at the beginning of each calendar year after the appointment; (b) on becoming aware of the existence of an interest not previously disclosed; and (c) after the occurrence of any change to an interest previously disclosed.	- All members of the Board, committees of the Board and the Consultation Panel have disclosed interest upon first appointment. They have also been informed to disclose their interest (a) at the beginning of each calendar year after the appointment; (b) on becoming aware of the existence of an interest not previously disclosed; and (c) after the occurrence of any change to an interest previously disclosed.
(10) Public accessibility to the register of disclosure of interest	Section 38(5) provides that the Authority shall, by such means as it considers appropriate, make available the register for inspection by the public at any reasonable time.	- The register of the declaration of interests of the members of the Board, committees of the Board and the Consultation Panel has been uploaded to the Authority's website and will be available at the office of the Authority for public inspection during office hours from Monday to Friday (except public holidays).
(11) Specification of direct and indirect interest for the purpose of the proceedings of the Board	Section 15(2) of the Schedule to the Ordinance provides for the WKCDA Board to issue a guideline to set out the circumstances in which a Board member is to be regarded as directly or indirectly interested in any contract or matter, for deciding whether he shall be	- With reference to the guidelines of the Independent Commission Against Corruption, the Board has set out in its standing order the circumstances where a Board member is directly or indirectly interested in any contract or matter, for deciding whether he shall be required to disclose his interest.

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	required to disclose his interest.	
Appointment matters		
(12) The appointment process for the CEO	The Administration expects that WKCDA will recruit the CEO through an open recruitment exercise. As recruitment of the CEO is the responsibility of WKCDA and will involve sensitive issues, the Administration considers it more appropriate to leave it to WKCDA to decide the actual recruitment procedures, the terms of appointment and the remuneration for the post. CE will not interfere with the appointment process.	<ul style="list-style-type: none"> - The Authority has commissioned head-hunting agencies to carry out the open recruitment of the Chief Executive Officer (CEO) and other Executive Directors. The recruitment advertisements have been published in local and overseas newspapers and uploaded to the Authority's website. - The Authority has set up a recruitment board to identify the suitable person for the post of the CEO. To ensure fairness in the selection process, members of the recruitment board have to comply with the rules on the disclosure of interest - Taking into account the advice of the consultant on the Authority's organisational structure, the Authority decided that candidates for the position of CEO should possess a recognised university degree (or equivalent); have at least 20 years of relevant experience, of which at least 15 years are experience at senior executive level in a multi-faceted environment (covering strategic development, financial planning, and business modeling); have experience in the arts and cultural

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
		<p>environment and in publicly representing an organisation; and be able to master a broad range of stakeholder relations in both public and private sectors. The Authority will determine the actual remuneration package of the CEO according to the qualification and experience of the selected candidate.</p> <ul style="list-style-type: none"> - Since the Authority has already put in train a number of initiatives, it has to recruit the CEO and other Executive Directors simultaneously. However, the Authority will endeavour to involve the CEO in the final selection of the concerned Executive Directors.
(13) Disclosure of the remuneration packages for senior executives of WKCD	It is an established practice for comparable statutory bodies to disclose the remuneration packages of their senior executives in their annual reports, although there is no specific provision in the relevant enabling legislation requiring such disclosure. WKCD will follow this practice.	<ul style="list-style-type: none"> - The Authority will follow the practice of other public bodies to make appropriate disclosure of the remuneration packages of its senior executives in its annual report.
Consultation Panel		
(14) Establishment of a standing consultation	Section 20 of the Ordinance provides for the establishment of a consultation panel to gather	<ul style="list-style-type: none"> - To widely gather the views of the public and different sectors of the community, the Authority

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
<p>panel to provide a platform for engaging the stakeholders and the general public in an ongoing and systematic manner throughout the development and operation of the WKCD project</p> <p>(15) Adoption of a non-prescriptive, empowering and participatory approach in future public engagement</p>	<p>public views on matters relevant to the functions of the Authority. The Ordinance also provides that-</p> <p>(a) the members of the consultation panel will be appointed by WKCDA and the Authority shall have regard to the purpose for which the panel is established when appointing the members;</p> <p>(b) the Authority shall, from time to time, issue guidelines on the functions, administration, proceedings and business and any other matters in relation to the panel, as the Authority considers appropriate, and the guidelines shall be made public; and</p> <p>(c) the consultation panel is required to hold at least one meeting each year and its meetings are to be open to the public.</p>	<p>has set up a Consultation Panel pursuant to section 20 of the Ordinance. Members of the Consultation Panel come from a wide spectrum of backgrounds. In addition to arts and cultural sector, members also include experts with rich experience and in-depth understanding in different fields such as education, district affairs, social policies, retail, tourism, sustainable development, environmental protection and arts with the disabled. Their experience and knowledge can facilitate the preparation of the Public Engagement (PE) exercise aimed at soliciting public views.</p> <ul style="list-style-type: none"> - The Board has also issued and made public the Guidelines of the Consultation Panel in accordance with the Ordinance. The Guidelines are attached to the discussion paper (CB(2)1285/08-09(01)) for the Joint Subcommittee meeting on 14 April 2009 and have been uploaded to the Authority's website for public inspection. - The Consultation Panel has held its first and second meetings on 27 May 2009 and 20 July 2009 respectively. The third meeting scheduled for November 2009 will review the Stage 1 PE

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
		<p>exercise. The fourth meeting will be held in early 2010 to hear the Analysis and Reporting Consultant's report on Stage 1 PE exercise. Since the current term of office of the Consultation Panel will end on 28 February 2010, meetings beyond that date will be arranged at a later time.</p> <ul style="list-style-type: none"> - The Authority has scheduled Stage 1 PE exercise for commencement in October 2009 to provide a platform for the public to give their views on the preparation of the DP. By holding activities of various formats, the Authority will gauge the community and stakeholders' expectations on the WKCD as a whole, as well as their views on the design of various arts and cultural facilities.
Accountability and transparency of WKCDA		
(16) Monitoring the work and activities of WKCDA	<p>Section 34 of the Ordinance provides that the Authority shall, in respect of each financial year, prepare an annual report of the Authority for that financial year. The report should specify, among others-</p> <p>(a) the work and activities of the Authority for that financial year and how they relate</p>	<ul style="list-style-type: none"> - The Authority is preparing the annual report for the financial year 2008-09 pursuant to sections 34 and 35 of the Ordinance, which will be tabled in the Legislative Council through the Financial Secretary.

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	<p>to the Authority's functions and the objectives specified under Section 4(2);</p> <p>(b) the work and activities of the committees established by WKCDA for that financial year; and</p> <p>(c) information on how the Authority conducted or implemented activities and projects as set out in the corporate plan and business plan submitted in the previous financial year.</p>	
(17) Public accessibility to meetings of WKCDA	<p>As a vast majority of the meetings of the WKCDA Board and committees will involve discussions on commercially and market sensitive matters, the disclosure will make it very difficult for WKCDA to operate effectively and efficiently. The Authority may adopt various transparency measures, such as uploading information on its work regularly to its dedicated website, distributing newsletters, and organising meet-the-media sessions to report on discussions and decisions of the Board.</p>	<ul style="list-style-type: none"> - In its second meeting, the Board endorsed that those sessions of the board meetings which do not involve sensitive and commercial information will be open to the public through live webcasting. The opening up of the board meetings to the public fully reflects the Authority's principle of operating in a highly transparent manner. It will also help the public understand the work of the Authority. The agenda, papers and minutes of the open sessions have also been uploaded to the Authority's website. - All meeting of the Consultation Panels are open to the public. The Agenda, papers and minutes have also been uploaded to the Authority's website.

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
		<ul style="list-style-type: none"> - The Authority will also release information through its official website and press conferences from time to time.
Other issues		
(18) Establishment of a statutory appeal mechanism in respect of WKCDA's decisions	It will not be practicable to identify and specify in the legislation the specific types of decisions of WKCDA which should be subject to appeal. Instead, the Administration will request WKCDA to set up a complaints handling mechanism or procedures in the light of operational experience.	<ul style="list-style-type: none"> - The Authority is expected to swing into full action after the management team comes on board. The Authority will then consider how to set up an appropriate complaints handling channel.
(19) Delineation of funding responsibilities between WKCDA and the existing government and statutory bodies	WKCDA will work closely with the Government and other relevant statutory bodies to realize its vision and mission. The Home Affairs Bureau will devise measures to ensure effective co-ordination between the Government and relevant statutory bodies (including WKCDA), as well as an appropriate mechanism to ensure effective use of public resources.	<ul style="list-style-type: none"> - The Hong Kong Arts Development Council (HKADC) is the statutory organisation for the promotion of arts development, in particular through providing funding support to small and medium sized performing groups and budding artists and arts groups. The current focus of the Authority is to handle the planning and development of the WKCD. The Secretary for Home Affairs is responsible for the coordination of overall cultural policy.

(B) Financial arrangements for WKCDA

<p>Issues/suggestions raised by LegCo Members</p>	<p>Administration's responses and undertakings in response to Members' concerns</p>	<p>Latest responses from the Administration/ the Authority</p>
<p>(1) Oversight mechanism for monitoring the use of the one-off endowment of \$21.6 billion and other financial resources by WKCDA</p> <p>(2) Six-monthly reports to LegCo on WKCDA's activities and use of funds</p>	<p>Section 28 of the Ordinance provides for WKCDA to keep proper accounting records and prepare a statement of accounts within three months after the end of each financial year, including a profit and loss account, a cash flow statement and a balance sheet for that financial year. The statement of accounts should give a true and fair view of the state of affairs of WKCDA as at the end of the financial year to which the statement relates, its profit and loss and its cash flow for that financial year. It should also comply with any accounting standards and any other requirement specified by the Financial Secretary (FS).</p> <p>Sections 34 and 35 of the Ordinance provide for WKCDA to submit an annual report for each financial year within six months after the end of each financial year to FS, who shall cause the annual report to be laid on the table of LegCo. The annual report should include, among others, the audited statement of accounts and the auditor's report, the work</p>	<p>- The Authority has prepared the statement of accounts for the financial year 2008-09 pursuant to section 28 of the Ordinance, which has been audited by an auditor in accordance with section 29 of the Ordinance. The auditor has already submitted a report on the said statement of accounts to the Authority.</p>

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	<p>and activities of WKCD and how it conducted the activities and implemented the projects set out in its corporate plan and business plan during the financial year.</p> <p>As requested by members, the Administration will arrange for WKCD to include in the annual report information on the construction progress and expenditure as well as operational income and expenditure of each core arts and cultural facility, the remuneration of senior staff of WKCD, and a comparison of the accounts with those of the previous financial year.</p> <p>LegCo Members may also seek information on the WKCD project through raising questions at Council meetings.</p> <p>The Administration will request WKCD to conduct a mid-term review on the</p>	<ul style="list-style-type: none"> - The Authority is preparing the annual report for the financial year 2008-09 pursuant to section 34 of the Ordinance and will submit the said annual report to the Financial Secretary in September 2009. The Financial Secretary will then cause the report to be laid on the table of the Legislative Council pursuant to section 35 of the Ordinance. - Section 18 of the Ordinance stipulates that the Legislative Council or any committee of the Legislative Council may request the Chairman of the Board and the CEO of the Authority to attend its meetings. They shall comply with the request and answer questions raised by the Members of the Legislative Council at the meetings. - The Government has already requested the Authority to conduct a mid-term review on the

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	<p>implementation of the WKCD project after the completion of the Core Arts and Cultural Facilities in Phase I or not later than 2014-2015, on the progress of the Phase I facilities as well as its plan for developing the Phase II facilities, and report to LegCo or its relevant committee(s) on the review results.</p> <p>On Member's request for regular reports, the Administration considers that it may not be appropriate for WKCDA, being an independent statutory public body established to develop and operate WKCD, to be subject to almost micro-management by LegCo.</p>	<p>implementation of the WKCD project and report the review results to the Legislative Council according to the timetable mentioned in the second column.</p>
(3) Mechanism to prevent abuse in spending by WKCDA	<p>Section 8 of the Ordinance provides for WKCDA to set up an Audit Committee to monitor the financial matters including expenditures. Besides, the Director of Audit can conduct examination into the economy, efficiency and effectiveness with which WKCDA has expended its resources.</p>	<p>- The Authority has established an Audit Committee pursuant to section 8 of the Ordinance to monitor its financial matters including expenditures. In addition, according to section 30 of the Ordinance, the Director of Audit can conduct examination into the economy, efficiency and effectiveness with which the Authority has expended its resources in performing its functions.</p>
(4) Management of the \$21.6 billion upfront	<p>Section 9 of the Ordinance provides for WKCDA to set up an Investment Committee</p>	<p>- The Authority has established an Investment Committee pursuant to section 9 of the</p>

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
endowment	comprising members knowledgeable in financial investment to handle investment matters on behalf of WKCD. WKCD will invest in a financially prudent manner having regard to the advice of the Investment Committee, and in such classes and specifications as FS may specify in writing.	Ordinance, with membership comprising the Director of Accounting Services' representative and not less than two other members knowledgeable in financial investment. The Investment Committee is responsible for handling investment matters for the Authority.
(5) Alert system to reveal timely information and bring into light discrepancies between the budgeted and the actual expenditures of individual projects	WKCD will have stringent corporate governance and it will strike a balance between high transparency/accountability and efficient operation. For timely disclosure of information, both the Administration and LegCo are vested with the powers to ask WKCD to produce information on its operation when circumstances require.	- The Authority has adopted sound corporate governance practices. The Government and the Legislative Council may request the Authority to furnish relevant information on its operation when deemed necessary. Relevant provisions include section 16 (Chief Executive may obtain information), section 17 (Financial Secretary may obtain information) and section 18 (Attendance at Legislative Council) of the Ordinance.
(6) Use of funds for the masterplanning of WKCD and guiding principles for the procurement of services and works	The first task for WKCD is to prepare the development plan, and the earmarked funds of \$0.34 billion will be used for planning-related work such as engaging professional consultants and professional staff and conducting large-scale public consultations. The procurement of services and works for the facilities in WKCD will be handled according to the principles enshrined	<ul style="list-style-type: none"> - In the financial year from 11 July 2008 (date of establishment of the Authority) to 31 March 2009, the total expenditure of the Authority (including staff costs and other operating expenses) is \$9.26 million. - The Authority has appointed, on 10 July 2009, three Conceptual Plan Consultants and one Project Consultant to assist the Authority in the

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	in the Agreement on Government Procurement of the World Trade Organisation.	<p>preparation of the DP. The contract value for the Conceptual Plan Consultants are about HK\$49 million each, while the contract value for the Project Consultant is about HK\$84 million. This expenditure will be met out of the Authority's budget for master planning of the WKCD and project management which amounts to about HK\$1.264 billion.</p> <ul style="list-style-type: none"> - The consultants are selected based on open tender on a fair and competitive basis under the principles stipulated in the World Trade Organisation Agreement on Government Procurement. The procurement principles include public accountability, value for money, transparency and open and fair competition.
(7) Financial arrangements for constructing and operating the retail/dining/entertainment (RDE) facilities and value of the land earmarked for RDE facilities	The estimated capital cost of RDE facilities amounts to \$2.765 billion in 2008 net present value (NPV). The net rental income generated from RDE facilities, amounting to \$8.448 billion in 2008 NPV, would be sufficient to cover the deficits arising from the operation of the arts and cultural facilities. Under the proposed financial arrangement, there is no plan to sell the RDE floor areas in the market and thus the	<ul style="list-style-type: none"> - The financial implications relating to the construction and operation of RDE facilities are based on the financial advisor's estimates made in 2006. The Authority will update the related financial estimates during the preparation of the DP for the WKCD and in the course of planning, designing and construction of the RDE facilities.

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	question of land premium does not arise.	
(8) Concerns on FA's financial analysis and assessment on the project (such as the assumption of 2% annual inflation rate for the massive construction works) and the need for further public funding	The 2% annual inflation rate is an assumption for a 50 year period and risk premiums have been included in the construction cost estimates for each arts and cultural facility. It would be for WKCDA to find solutions to finance its works programme should inflation rate exceed its present estimation. Should WKCDA encounter cash flow difficulties in the future, it may choose to defer the Phase II Development of the cultural venues or source funds through other channels as provided in the enabling legislation.	- The financial analysis and assessment for the WKCD project are based on the financial advisor's estimates made in 2006. The Authority will update the financial estimates during the preparation of the DP for the WKCD and in the course of planning, designing and construction of related facilities.
(9) Provision for major renovation and reconstruction of WKCD after 50 years	Provisions have been made for major overhaul costs at appropriate intervals as well as annual building maintenance costs for each facility.	- In its financial analysis in 2006, the financial advisor had already made provisions for conducting periodic major overhaul and annual maintenance for respective facilities within the 50-year project period. All facilities will be in good condition and fully functional beyond 50 years, requiring no immediate demolition or reconstruction.

(C) Masterplanning of WKCD

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
(1) Consultation with the public in preparing the development plan	Section 19 of the Ordinance requires the Authority to consult the public in relation to matters concerning the development or operation of arts and cultural facilities, related facilities, ancillary facilities and any other matters as the Authority considers fit and in such manner as it considers appropriate. The Administration undertakes to request WKCDA to conduct the public consultation in an extensive and systematic manner.	<ul style="list-style-type: none"> - During the preparation of the DP, the Authority will carry out the related PE exercise in an organised and systematic manner. The PE exercise will be divided into three stages with Stage 1 PE scheduled for October 2009. - To encourage public participation, all public consultation papers and the schedule and format of the PE exercise will be uploaded to the Authority's website for public inspection.
(2) Open design competitions for arts and cultural facilities and exhibition centre in WKCD with a view to obtaining the most suitable design	According to the recommendations of the Consultative Committee on the Core Arts and Cultural Facilities of the West Kowloon Cultural District, design competitions should be organised for the three iconic buildings (i.e. M+, the Xiqu Centre, and the Concert Hall/Chamber Music Hall). It would be for WKCDA to decide the procurement approach and arrangements, such as holding design competitions for projects other than the three iconic ones.	<ul style="list-style-type: none"> - The Board agreed that apart from the iconic buildings (i.e. Xiqu Centre, the Concert Hall/Chamber Music Hall, and M+), the architectural design of other free standing arts and cultural facilities and piazzas should also go through a competitive process. In addition, the Board also decided to engage architectural and arts students of the tertiary education institutions in the design of certain elements of the WKCD, including street furniture and kiosks, etc.
(3) Provision of public open space in WKCD	Section 4(2)(m) of the Ordinance specifies that WKCDA is to provide or facilitate the provision of free and accessible open space	<ul style="list-style-type: none"> - The Government will monitor the preparation of the DP to ensure that the Authority complies with the development parameters set out in the South

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	within the leased area to the general public.	West Kowloon Outline Zoning Plan including the provision of not less than 23 hectares of public open space and a waterfront promenade of not less than 20 metres in width.
(4) Procurement approaches for the project	The design and build approach is commonly adopted for venues similar to those proposed in WKCD. As sufficient risk premium has been included in the financial estimates, WKCDA can decide to award separate contracts for the design and construction of individual facilities.	<ul style="list-style-type: none"> - Once the DP is approved by the Town Planning Board, detailed design and construction of various facilities will follow. The Authority will work out the procurement options for various facilities based on the principles of fairness and impartiality in due course.
(5) Connectivity between WKCD and its neighbouring areas	The issue will be considered in the context of the Development Plan for WKCD.	<ul style="list-style-type: none"> - In preparing the DP of the WKCD, the Authority will look beyond the confines of the WKCD and investigate the development of areas surrounding the WKCD, including the old districts, to ensure close integration of the WKCD with these areas and easy access for citizens visiting the WKCD from different districts. - Meanwhile, all relevant government departments, including the Transport Department and Planning Department, will work closely with the Authority to ensure that the WKCD and nearby districts can complement each other in terms of land use, layout and pedestrian facilities.

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
(6) Professional support for WKCDA	WKCDA will engage consultants to assist it in preparing the Development Plan including the conduct of public consultation exercises and related technical assessments. The Planning Department will (i) collaborate with WKCDA and its consultants in formulating proposals for the Development Plan; (ii) sit on the relevant committees set up by the WKCDA Board charged with the duties relating to the preparation of the Development Plan; and (iii) provide support to the Town Planning Board throughout the plan-making process in respect of the Development Plan.	<ul style="list-style-type: none"> - The Planning Department, Architectural Services Department and Civil Engineering and Development Department work closely with the Authority and assist the Authority in preparing the DP. - As a member of the Board and the Development Committee set up under the Board, the representative from Development Bureau will provide assistance and views on the preparation of the DP. The Planning Department will also assist the Authority during the preparation of the DP and the subsequent submission of the DP to the Town Planning Board for consideration. - Relevant government departments will also update or brief the Development Committee on the progress of works in the WKCD and its surrounding areas.
(7) Synchronising of project works	Dedicated committees will be set up by the WKCDA Board to take charge of the implementation of the works projects and the interface and coordination among them. As regards the interface and coordination between the works projects under the	<ul style="list-style-type: none"> - The Government will adopt the established mechanism for major projects in which the concerned bureau of the WKCD development will take the leading role to invite the relevant departments to review the progress of the related works and to coordinate with each other when

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	<p>purview of WKCDA and those public works projects within or affecting WKCD, the Administration will put in place a mechanism to handle the interface and coordination between such projects, such as through appointing public officers with relevant professional expertise to participate in the work of the relevant committees or working groups, or setting up a multi-disciplinary team or committee in the Government for such purpose.</p>	<p>necessary. In this case, HAB will spare no efforts in assisting the coordination of the WKCD development and has already hosted a number of formal and informal inter-departmental meetings.</p>

(D) Development of M+

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
<p>(1) Separate design and construction contracts for iconic facilities such as the M+</p>	<p>WKCDA will have the flexibility to decide on the procurement approach for the arts and cultural facilities in WKCD. According to the Financial Adviser, even though the design and construction of the facilities are procured in two independent contracts, there will not be</p>	<p>- The major consideration for the architectural design of the museum should be the functions of the museum and the activities to be held there. The curator of the museum, once on board, will draw up well-conceived plans for M+ and consider the most appropriate option.</p>

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	significant difference in the construction cost estimates.	
(2) Downsizing M+	M+ will be developed in two phases to tie in with the overall development of WKCD. As the scale of M+ is comparable to that of world-renowned museums, further downsizing would hinder the development of M+ into a world-class contemporary cultural and arts institution, making it difficult to realize its vision.	<ul style="list-style-type: none"> - An on-going consultancy study on market analysis of the museum commissioned by the Authority will ascertain through market researches the existing and potential audienceship/ clientele of the museum. Based on the findings of the study, the Authority will critically examine the appropriate phasing of development of the museum.
(3) Use of the Interim M+ in North Point as a training ground for future staff of M+ and a temporary exhibition centre for public viewing and for testing out the M+ concept in a smaller scale	The Museum Committee (MC) established under the WKCD Board to start preparatory work of M+ does not recommend the site at Oil Street in North Point for setting up the Interim M+ as the original building at the site is too small. If a new building is to be built for setting up the Interim M+, it will be necessary to demolish an existing building next to it and to deal with the land contamination issue so arising. MC will continue to explore other locations and agrees that the Interim M+ should organise activities in different areas of Hong Kong to promote the concept of M+ to the public.	<ul style="list-style-type: none"> - Representatives of the Government and the Authority briefed the Members of the Joint Subcommittee on the feasibility of using a site at Oil Street in North Point for setting up the Interim M+ at the Subcommittee meeting held on 27 February 2009. The Authority considers the site not suitable for setting up the Interim M+ because the size of the original building at the site is too small. And if a new building is to be built for setting up the Interim M+, it will be necessary to demolish an existing building next to it and to deal with the land contamination issue so arising. - The team of experts to be recruited by the

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
		<p>Authority will come on board by the end of 2009 or early 2010. They will be responsible for organizing activities in different areas of Hong Kong to familiarize the public with the concept of “M+”.</p>
(4) Building up collections for M+	<p>Major museums managed by the Leisure and Cultural Services Department (LCSD) has in place a very rich collection on visual culture which amounts to more than 60 000 items of exhibits. There should be ample room for M+ to make use of these collections in store. The initial capital of \$1 billion assumed by the Financial Adviser will help to build up collections commensurate with the status of M+ upon its opening in 2015. WKCDA will enrich the collection of M+ in an on-going manner with its own financial resources and other sources of funds available.</p>	<ul style="list-style-type: none"> - It takes a long time to build up the museum’s collection, which should be expanded step by step in accordance with the goal and the direction set out for the museum. The upfront endowment provided by the Government has already included a sum of \$1 billion for building up M+'s initial collections upon its commissioning and an annual collection budget of \$20 million thereafter as well. In addition, museum’s collection can be obtained from donation and subscription. M+ can cooperate with individual art galleries, collectors and artists to borrow collections for short-term exhibition use.
(5) Collaboration between M+ and museums in the Mainland as well as those in the Asian region	<p>WKCDA will establish links and network with museums in Asia and other parts of the world to explore future cooperation opportunities.</p>	<ul style="list-style-type: none"> - M+ will work closely with museums as well as arts and cultural circles from different regions by organizing exhibitions, exchanges and seminars. These activities will not only provide a platform for the artists to showcase their works but also present an opportunity for the citizens to

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
		appreciate the arts and cultures of other regions.
(6) Arrangement for ownership of collection of M+	The ownership of M+'s collections, obtained through donation, acquisition or any other means, should rest with WKCDA. To ensure proper protection of the collections of M+, WKCDA may, when establishing M+ and its governing structure deal with the ownership of the collections of M+ through the making of by-laws which are subject to LegCo's approval.	<ul style="list-style-type: none"> - The upfront endowment given to the Authority includes the provision for the initial collection and the annual collection budget thereafter for the M+. Since the construction of M+ and collection purchase are paid out of public money, it is necessary that we handle the ownership matter with care so as to ensure proper use of public resources and protect public interest. The Authority will consider the findings of the consultancy study on the mode of governance of the museum and make reference to the practices of similar overseas museums in dealing with the ownership issue of M+'s collections.
(7) Co-operation and integration between M+ and the existing museums under the management of LCSD	The Government will work closely with the WKCDA and establish links in various aspects.	<ul style="list-style-type: none"> - Museums managed by the Leisure and Cultural Services Department (LCSD) will collaborate with M+ and explore different levels of collaboration.
(8) Long-term plan for the development of curatorial professionals in parallel with the development of M+	The Administration undertakes to advise members on the existing number of curatorial staff in Hong Kong, the manpower project, requirements and training plan for curators to complement the scale and themes of M+.	<ul style="list-style-type: none"> - HAB has started the preparation for the Manpower Mapping Study on the Arts and Cultural Sector. We plan to commission the manpower mapping study in the second half of 2009 for completion in 2010. The findings of

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
		the study will shed light on the needs of the arts and cultural sector for all sorts of talents. The Authority will also draw up appropriate plans for the manpower needs in different areas for the WKCD facilities to tie in with the manpower requirement when the construction of WKCD facilities are completed.
(9) Public education on M+ and consultation with the museum community before proceeding to establish the management board of M+ and recruiting the M+ staff	The WKCDA will engage the arts and cultural sector to gauge their views (in particular the concerned museum organisations) on the planning and development of the museum facilities in the WKCD to ensure that facilities and operation of the museum can meet their needs.	- The Authority conducts public education campaigns and consultation exercises at different stages of development in order to gauge the views of the public and stakeholders through different channels. This is to ensure that their needs are taken care of and considered at different stages of development and planning.

(E) Cultural policy and software development

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
(1) Funding arrangements for performing arts groups	The Administration will conduct a review on the funding arrangements for performing art	- We will commence a consultancy study in 2009 on funding for the performing arts. The aim is to

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
	<p>groups and the development of "flagship" performing companies. The Hong Kong Arts Development Council will be provided with additional resources to offer specific programmes to nurture the young and budding artists. The Administration will also discuss with the Hong Kong Academy for Performing Arts and local universities on manpower training for the arts and cultural sector.</p>	<p>introduce an improved funding mechanism based on measurable assessment criteria to promote the progressive development of major performing arts groups and through them bringing the arts to people and building a wider community appreciation of the arts and culture.</p> <ul style="list-style-type: none"> - We have provided additional resources to the HKADC to run the pilot Cultural Internship Scheme from 2009/10 to 2012/13 which sponsors local arts practitioners to undertake short-term internship and training programmes in arts administration in the Mainland or overseas. The renowned UK Clore Leadership Programme is one of the programmes identified for the Scheme. Also, to further support the training of arts administrators, HKADC – <ul style="list-style-type: none"> • has launched another internship scheme which sponsors participants to take up work attachments at local arts groups (including music, drama and Xiqu arts groups) for a maximum period of one year; and • has established the Hong Kong Arts Community Fund this year and is actively soliciting private sector donation.

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
		<ul style="list-style-type: none"> - HAB also supports the Hong Kong Academy for Performing Arts (HKAPA) in undertaking a Strategic Position Review in 2009/10, which will critically examine the role, function, vision and mission of HKAPA to cater for the evolving needs of local arts and cultural development and the future demand for artistic talents.
<p>(2) Review on the usage and management of existing venues and other cultural activities managed by LCSD</p>	<p>The Administration will formulate plans to implement the recommendations of the Committee on Museums and the Committee on Performing Arts, including the transfer of the management of public museums to a statutory museum board in a few years' time and the adoption of the venue partnership scheme for public performing venues which will be open to local arts groups/organisations.</p>	<ul style="list-style-type: none"> - The Venue Partnership Scheme has started operation since April 2009. It aims to foster a partnership between the venues and performing arts groups to build up the image and character of the venue and its partners, enlarge their audience base, optimise the usage of facilities and develop venue-based marketing strategies. Currently there are 20 partners for 11 LCSD's performing arts venues. - The Government has been thoroughly examining the recommendations of the Committee on Museums in respect of the future development of public museums. As those recommendations have far reaching impacts on the public museums in terms of their future governance, mode of operations, human resource, financial arrangement, and public interest, they need to be examined and

Issues/suggestions raised by LegCo Members	Administration's responses and undertakings in response to Members' concerns	Latest responses from the Administration/ the Authority
		<p>deliberated in detail. This serves to assure the service quality and operational responsibility of the public museums.</p>

**Home Affairs Bureau
September 2009**