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Panel on Home Affairs and Panel on Development

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

**Minutes of meeting
held on Wednesday, 3 July 2013, at 8:30 am
in Conference Room 3 of the Legislative Council Complex**

- Members present** :
- Hon Christopher CHUNG Shu-kun, BBS, MH, JP (Chairman)
 - Hon Alan LEONG Kah-kit, SC (Deputy Chairman)
 - Hon CHAN Kam-lam, SBS, JP
 - Hon Emily LAU Wai-hing, JP
 - Hon Abraham SHEK Lai-him, GBS, JP
 - Hon Starry LEE Wai-king, JP
 - Hon CHAN Hak-kan, JP
 - Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
 - Hon CHEUNG Kwok-che
 - Hon IP Kwok-him, GBS, JP
 - Hon Claudia MO
 - Hon Steven HO Chun-yin
 - Hon Frankie YICK Chi-ming
 - Hon YIU Si-wing
 - Hon Gary FAN Kwok-wai
 - Hon MA Fung-kwok, SBS, JP
 - Hon CHAN Han-pan
 - Dr Hon Kenneth CHAN Ka-lok
 - Hon CHAN Yuen-han, SBS, JP
 - Hon LEUNG Che-cheung, BBS, MH, JP
 - Hon Alice MAK Mei-kuen, JP
 - Dr Hon Helena WONG Pik-wan
 - Dr Hon CHIANG Lai-wan, JP
 - Hon Tony TSE Wai-chuen

- Member attending** : Dr Hon KWOK Ka-ki

**Members
absent** : Hon Cyd HO Sau-lan
Hon CHAN Chi-chuen

**Public Officers
attending** : Item II

Mrs Carrie LAM, GBS, JP
Chief Secretary for Administration and Board Chairman of
the West Kowloon Cultural District Authority

Mr Raymond YOUNG, JP
Permanent Secretary for Home Affairs

Mr WAN Man-leung
Project Manager (Home Affairs Bureau)

Ms Elizabeth TAI
Principal Assistant Secretary for Home Affairs
(West Kowloon Cultural District)

Mr Michael LYNCH
Chief Executive Officer
West Kowloon Cultural District Authority

Dr Eva LAM
Executive Director, Finance
West Kowloon Cultural District Authority

Ms Bonny WONG
Director, Chief Executive Officer's Office
West Kowloon Cultural District Authority

Mr Johnny TAM
Head, Project Procurement and Contracts
West Kowloon Cultural District Authority

**Clerk in
attendance** : Ms Alice LEUNG
Chief Council Secretary (2) 2

**Staff in
attendance** : Miss Jasmine TAM
Council Secretary (2) 2

Ms Camy YOONG
Clerical Assistant (2) 2

Action

I. Matters arising

(LC Paper No. CB(2)1492/12-13(01))

The Joint Subcommittee deliberated (index of proceedings attached at **Annex**).

2. Members noted the list of follow-up actions required of the Administration and the West Kowloon Cultural District Authority ("WKCD") arising from the discussions of the Joint Subcommittee at previous meetings.

II. Financial situation of and arrangements for the West Kowloon Cultural District project

(LC Paper Nos. CB(2)1492/12-13(02) and (03), CB(2)1181/12-13(01)-(03) and CB(2)1298/12-13(01))

3. Chief Secretary for Administration and Board Chairman of WKCD ("CS/WKCD Board C/M") briefed members on the latest financial situation of and the strategy and arrangements to be adopted to implement the West Kowloon Cultural District ("WKCD") project, highlighting the following salient points -

- (a) the upfront endowment of \$21.6 billion for the WKCD project, less operating and capital expenditures incurred in the past few years, had grown to \$23.6 billion as at March 2013 due to investment returns;
- (b) WKCD had made a ballpark estimate of around \$47.1 billion in money-of-the-day prices for the design and construction costs of all facilities. As the WKCD project would span over a long period of time during which fluctuations in costs were inevitable, the ballpark estimate was no more than a mechanical update based on a set of assumptions of cost escalation and was not a revised budget to be adopted for the WKCD project;
- (c) the increase in the capital costs of the WKCD project was attributed to a number of factors, including high construction cost escalation in Hong Kong in recent years, the inclusion of an integrated basement as an integral part of the approved Development Plan ("DP") of WKCD, enhanced project scope to meet public aspirations reflected during the public engagement exercise on DP, and longer time taken to complete the master planning and planning approval process for WKCD;

Action

- (d) the Administration and WKCDA would adopt a pragmatic approach to implement the WKCD project through rigorous cost containment of individual facilities to a level as close to the recommendations of the Consultative Committee on the Core Arts and Cultural Facilities of WKCD ("CC case") as possible, emphasis on content rather than form of the facilities, and early delivery of the Park as well as some arts and cultural facilities for public enjoyment;
 - (e) acknowledging that the integrated basement was an essential feature to meet the statutory minimum requirement for 23 hectares of public open space in WKCD, and that it was not covered in the CC case, the Government planned to fully fund the capital works of the integrated basement as general enabling works to facilitate the development of the whole WKCD project, subject to funding approval by the Legislative Council ("LegCo");
 - (f) with a view to optimizing the development potential of the WKCD site and yielding additional gross floor area ("GFA") for various uses, WKCDA was considering to apply for minor relaxation of the GFA and/or building height restrictions (estimated to be around 10-15% of the total GFA of the WKCD site) under section 16 of the Town Planning Ordinance (Cap. 131); and
 - (g) despite rising costs, the Administration and WKCDA did not plan to seek additional funding from LegCo to supplement the original upfront endowment in the next few years, until at least completion of the first batch of facilities in WKCD. WKCDA would consult relevant stakeholders on the implementation programme and review in due course the need to seek additional funding in light of any changes in circumstances and WKCDA's continued effort on cost containment.
4. At the request of the Chairman, CS/WKCDA Board C/M undertook to provide a copy of her speaking note for the Joint Subcommittee's reference after the meeting.

(Post meeting note: Members were informed vide LC Paper No. CB(2)1533/12-13 on 4 July 2013 that the speaking note of CS/WKCDA Board C/M (Chinese version only) was available at the website of the Information Services Department.)

Action

5. Mr MA Fung-kwok declared interest as a member of the Board of WKCDA.

Admin/
WKCDA

6. The Joint Subcommittee requested WKCDA to provide a copy of its audited statements of accounts for the past two financial years for the Joint Subcommittee's reference.

III. Any other business

Date of next time and item for discussion

7. The Chairman reminded members that the next meeting would be held on Wednesday, 10 July 2013, at 8:30 am to discuss the subject of the integration and connectivity of WKCD with its neighbouring districts.

8. There being no other business, the meeting ended at 10:39 am.

Council Business Division 2
Legislative Council Secretariat
24 October 2013

**Proceedings of meeting of the Joint Subcommittee to Monitor
the Implementation of the West Kowloon Cultural District Project
held on Wednesday, 3 July 2013, at 8:30 am
in Conference Room 3 of the Legislative Council Complex**

Time marker	Speaker(s)	Subject(s)	Action Required
<i>Agenda Item I - Matters arising</i>			
000240 - 000349	Chairman	List of follow-up actions required of the Administration and the West Kowloon Cultural District Authority ("WKCD") [LC Paper No. CB(2)1492/12-13(01)]	
<i>Agenda Item II - Financial situation of and arrangements for the West Kowloon Cultural District project</i>			
000350 - 003312	Chairman Chief Secretary for Administration and Board Chairman of WKCD ("CS/WKCD Board C/M") Chief Executive Officer of WKCD ("CEO/WKCD")	Briefing by CS/WKCD Board C/M and CEO/WKCD on the financial situation of and the strategy and arrangements to be adopted to implement the West Kowloon Cultural District ("WKCD") project [LC Paper No. CB(2)1492/12-13(02)].	
003313 - 003617	Chairman Mr Frankie YICK CS/WKCD Board C/M	<p>Mr Frankie YICK's concern about WKCD's plan to turn the fully landscaped Park as envisaged in Foster + Partners' ("F+P") "City Park" conceptual plan into quality open space with a simple design. He urged WKCD to provide more details on the proposed alternative approach to develop the Park to the Legislative Council ("LegCo") for discussion.</p> <p>CS/WKCD Board C/M advised that under the proposed alternative development approach, the facilities to be accommodated in the Park would remain largely the same as those proposed in the original scope of the Park development on the basis of F+P's conceptual plan, except that simpler designs for the Park and the facilities therein would be adopted. Public views on how the Park should be developed as a quality open space would be sought through the Consultation Panel ("CP") of WKCD. WKCD would revert to the Joint Subcommittee on its detailed plan for the Park development when ready.</p>	
003618 - 004106	Chairman Dr Priscilla LEUNG CS/WKCD Board C/M	<p>In response to Dr Priscilla LEUNG's views and suggestions, CS/WKCD Board C/M advised that -</p> <p>(a) given the various major infrastructure projects undertaken/coming on stream in Hong Kong, the local construction industry had remained buoyant and was experiencing manpower shortage in recent years. The implementation of the WKCD project was expected to provide</p>	

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		<p>further impetus for the construction industry, thereby benefiting local construction firms as well as workers. Indeed, the two winning design teams of the Xiqu Centre and M+ Design Competitions were both joint ventures of local and overseas architectural practices/architects;</p> <p>(b) if the proposal to apply for minor relaxation of the gross floor area ("GFA") and/or building height restrictions on the WKCD site was to proceed, relevant assessments including traffic impact assessment and environmental review would be conducted to ascertain that the proposal would not generate unacceptable impacts to the surrounding areas. Green features and energy efficiency initiatives would be adopted where appropriate in the development of individual facilities in WKCD; and</p> <p>(c) WKCDA would proactively explore alternative sources of funding such as donation and sponsorship, including fundraising through granting of naming rights.</p>	
004107 - 004914	Chairman Deputy Chairman CS/WKCDA Board C/M	<p>The Deputy Chairman's concerns as follows -</p> <p>(a) whether the additional GFA that would be generated from the proposed minor relaxation of the GFA and/or building height restrictions on the WKCD site would be vested in WKCDA; and</p> <p>(b) in considering alternative funding arrangements for the Mega Performance Venue ("MPV") and Exhibition Centre ("EC") and exploring the feasibility of having them wholly private funded, how WKCDA would ensure that it would be able to exercise appropriate control and monitoring over the development and management of the two facilities.</p> <p>CS/WKCDA Board C/M responded that -</p> <p>(a) the proposed minor relaxation of the GFA and/or building height restrictions on the WKCD site was only a preliminary proposal. It would be subject to the approval of the Town Planning Board ("TPB"), and the Government and WKCDA had yet to discuss how the additional GFA thus generated (i.e. 10-15% of the total GFA of the WKCD site, which was between 70 000m² and 100 000m²) would be used. There was a suggestion that part of the additional GFA be vested in WKCDA for provision of more retail, dining and</p>	

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		<p>entertainment ("RDE") facilities which would increase its recurrent revenue. Other possible uses of the additional GFA, such as providing additional facilities demanded by the arts sector (e.g. affordable serviced apartments for visiting artists), would also be considered; and</p> <p>(b) in exploring private sector involvement for the development of MPV and EC, WKCDA would endeavour to strike a balance between reducing the capital investment required of and the risk incurred by WKCDA in constructing the facilities, and retaining appropriate flexibility and control over how the facilities should be developed and managed. WKCDA would consult the Joint Subcommittee as appropriate when detailed proposals were available.</p>	
004915 - 005525	Chairman Mr Tony TSE CS/WKCDA Board C/M	<p>Mr Tony TSE's views that -</p> <p>(a) any proposal for increasing the plot ratio of the WKCD site should be considered strictly on a need basis; and</p> <p>(b) since the successful implementation of the "City Park" concept underpinning the overall design of WKCD largely hinged on how the integrated basement was to be taken forward, the Administration and WKCDA should engage relevant professionals to undertake the design and construction works of the basement.</p> <p>CS/WKCDA Board C/M's responses as follows -</p> <p>(a) the Administration and WKCDA would seek to ensure that the WKCD project would not be adversely affected before proceeding with the proposal to apply for minor relaxation of the GFA and/or building height restrictions on the WKCD site;</p> <p>(b) the Administration and WKCDA would adopt a pragmatic approach to develop the facilities in WKCD and strive to reduce the construction costs through various means without compromising the overall functions and quality of the facilities; and</p> <p>(c) recognizing the complicated technical and architectural interfacing issues involved in the design and construction of the integrated basement, the Administration intended to invite the Development Bureau/Civil Engineering and Development Department to take up the implementation of the capital works of the basement, subject to availability of staffing resources.</p>	

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005526 - 010159	Chairman Miss CHAN Yuen-han CS/WKCDA Board C/M	<p>Miss CHAN Yuen-han's views that WKCDA should review and enhance its communication and consultation with the arts and cultural community so as to ensure smooth implementation of the WKCD project. The Administration should address the concern of local arts groups about inadequacy of resources for developing local arts and culture owing to the excessive claim of resources by the WKCD project.</p> <p>CS/WKCDA Board C/M advised that -</p> <p>(a) since its establishment in 2009, CP had focused its work mainly on planning and reviewing the implementation of the public engagement exercise to facilitate WKCDA's preparation of the Development Plan ("DP") for WKCD. Following the approval of DP, WKCDA would discuss with the new Chairman of CP how CP could enhance its role as the bridge between WKCDA and the public and perform its functions more effectively; and</p> <p>(b) the Government fully recognized that public resources for arts and culture should not be entirely devoted to the WKCD project and had endeavoured to promote the development of local arts and culture on various fronts. For instance, LegCo's approval had been sought for providing \$50 million to the Leisure and Cultural Services Department for acquiring and commissioning artworks by local artists. An additional funding of \$150 million had also been earmarked to strengthen the training of arts administrators for five years starting from 2013-2014. Besides, in tandem with the WKCD development, the Administration would continue to allocate resources to address the demands for arts and cultural facilities at the district level.</p>	
010200 - 011105	Chairman Mr Gary FAN CS/WKCDA Board C/M CEO/WKCDA	<p>Mr Gary FAN's views as follows -</p> <p>(a) given that the basement design was featured in all three Conceptual Plan Options ("CPOs") for WKCD prepared by the consultants appointed by WKCDA, the Administration should have recognized the need for constructing an integrated basement in the early planning stage of WKCD. The Administration's latest proposal to undertake and fully fund the capital works of the integrated basement was only an attempt to cover up the overspending of the WKCD project and bypass LegCo's monitoring of the project expenditure;</p>	

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		<p>(b) the Administration should explain which party, viz. HAB, WKCDA or CS, should be held accountable for the current over-budget situation of the WKCD project and how the party should be held accountable;</p> <p>(c) the Administration and WKCDA should take heed of public concern about the granting of naming rights as an alternative source of funding for the WKCD project and undertake that individual venues/facilities in WKCD would not be made available for naming; and</p> <p>(d) the winning design of M+ was too simple and lacked character.</p> <p>CS/WKCDA Board C/M advised and explained that -</p> <p>(a) the provision of an integrated basement in WKCD was not contemplated in the recommendations of the Consultative Committee on the Core Arts and Cultural Facilities of WKCD ("CC Case") in 2007, the basis on which LegCo granted the one-off upfront endowment of \$21.6 billion to finance the capital costs of the WKCD project in 2008. The three CPOs for WKCD which featured a basement design were prepared and presented for consultation with the public in 2009-2011, after LegCo's approval of the endowment fund was sought. The basement was an essential feature to meet the statutory minimum requirement for 23 hectares of public open space as specified in the South West Kowloon Outline Zoning Plan;</p> <p>(b) the Financial Advisor engaged by the Government and the Specialist Advisor appointed by LegCo had adopted different financial assumptions to project the estimated costs of the WKCD project back in 2008. The increase in the estimated project costs was mainly attributed to the fact that the macro economic environment (in terms of construction cost escalation, investment returns and inflation rates) in recent years had been very different from the long-term assumptions used in the financial analysis prepared for the CC Case; and</p> <p>(c) instead of granting the naming rights of individual buildings/facilities in WKCD, consideration would be given to making available parts of the facilities (e.g. a gallery or an education facility) for naming with reference to international practice.</p>	

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		<p>As regards the M+ design, CEO/WKCDA advised that the winning design team of the M+ Design Competition, Herzog & de Meuron + TFP Farrells, was a partnership of two leading architectural practices in the world and in Hong Kong. The winning design was selected unanimously by an international Jury Panel of the Competition as the best design reflecting the core values of M+. The Jury Panel considered that it had the merits of a memorable design that drew its raw power from simplicity and clarity of its "parti", and was the most cost effective amongst all the submitted designs for the Competition.</p>	
011106 - 011706	<p>Chairman Dr Helena WONG CS/WKCDA Board C/M</p>	<p>Dr Helena WONG's indication of objection to the proposal for increasing the plot ratio of WKCD site, for the reasons that -</p> <p>(a) no concrete details of the proposal, including how the additional GFA thus generated would be utilized, assessments on the impact of the proposal on the environment and the visual and landscape aspects of the surrounding areas, etc. was available; and</p> <p>(b) the development density and approach for WKCD, including the current plot ratio of 1.81, were the outcome of consultations over a long period of time, and the Secretary for Home Affairs ("SHA") had previously advised LegCo that any substantial amendment to DP at this stage would result in delay of the implementation timetable of the WKCD project.</p> <p>CS/WKCDA Board C/M explained that SHA's earlier advice was given in response to a proposal for a major increase of the plot ratio of the WKCD site under section 12A of the Town Planning Ordinance (Cap. 131) ("TPO"), which was a significant deviation from the approved WKCD DP and would require a much longer time for completing the statutory planning procedures including gazetting of the amended DP for the public to make representations and comments. On the other hand, the current proposal of WKCDA was to apply for minor relaxation of GFA and/or building height restrictions on the WKCD site under section 16 of TPO. Any such proposal would have to be submitted to TPB for approval in accordance with the established procedures under TPO.</p>	
011707 - 012146	<p>Chairman Mr CHAN Kam-lam CS/WKCDA Board C/M</p>	<p>Mr CHAN Kam-lam's views that -</p> <p>(a) WKCDA should exercise stringent internal control over its expenditure, in particular on consultancy fees, so as to avoid giving the public</p>	

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		<p>an impression of being overly reliant on external consultants in taking forward the WKCD project; and</p> <p>(b) the Administration should provide more details to LegCo on its proposal to undertake and fully fund the capital works of the integrated basement in WKCD, including the estimated construction costs and funding required for the project team of the basement.</p> <p>CS/WKCDA Board C/M's responses as follows -</p> <p>(a) WKCDA would strive to maintain effective internal control over its expenditure and adopt a prudent approach in engaging consultants to facilitate the implementation of the WKCD project; and</p> <p>(b) as a preliminary ballpark estimate, the capital costs of the public infrastructure works for WKCD, including the integrated basement, to be undertaken and funded by the Government would exceed \$10 billion. A more accurate and realistic estimate would be available after the relevant technical assessments and designs of the works involved had been completed. The Government would submit detailed funding applications for the public infrastructure to LegCo as and when appropriate.</p>	
012147 - 012755	Chairman Mr MA Fung-kwok CS/WKCDA Board C/M	<p>Mr MA Fung-kwok's declaration of interest.</p> <p>Mr MA's concerns that -</p> <p>(a) while WKCDA had been making every effort to contain costs and identify savings from, among others, reduction of RDE area at individual facilities, it would have the effect of reducing the rental proceeds thus generated, which was a major source of recurrent income for WKCDA to meet the operating costs of the facilities. This might, in turn, adversely affect the financial sustainability of the operation of WKCD; and</p> <p>(b) given the cost escalation in recent years and the enhanced scope of the WKCD project, the upfront endowment of \$21.6 billion would not be sufficient for financing the entire project even with the implementation of the tightest cost-control measures. The possibility of making further funding injection into the project should not be ruled out.</p>	

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		<p>CS/WKCDA Board C/M clarified that although a reduction of the RDE area at the Xiqu Centre was proposed having regard to the availability of many RDE facilities in its nearby areas, there would be no change to the overall provision of a GFA of 119 000 square metres for the RDE facilities in WKCD. Such provision was set out in the funding submission for the one-off \$21.6 billion endowment fund for WKCDA approved by the LegCo Finance Committee ("FC") in 2008, and would serve to generate rental income for WKCDA to subsidize the operating deficits of the arts and cultural/communal facilities.</p>	
<p>012756 - 013348</p>	<p>Chairman Dr Kenneth CHAN CS/WKCDA Board C/M</p>	<p>In response to Dr Kenneth CHAN's enquiry about the Administration/WKCDA's timetable for providing a revised budget for the WKCD project to LegCo, CS/WKCDA Board C/M advised that -</p> <p>(a) given the long time span of the WKCD project, the current ballpark estimate of around \$47.1 billion in money-of-the-day ("MOD") prices for the design and construction costs of all facilities in WKCD was no more than a mechanical update based on a set of assumptions of cost escalation. It was not a revised budget to be adopted for the WKCD project;</p> <p>(b) while \$9 billion had been reserved for the first batch of facilities to be delivered, it was difficult to tell at this stage whether the remaining amount of the portion of the endowment fund for design and construction of facilities plus the associated investment return would be sufficient for financing the capital costs of the subsequent batches of facilities in WKCD; and</p> <p>(c) WKCDA would consult relevant stakeholders on the implementation programme and review in due course the need to seek additional funding in the light of any changes in circumstances and WKCDA's continued effort on cost containment. WKCDA would also report to LegCo on its financial situation and progress of the project at suitable junctures.</p>	
<p>013349 - 013811</p>	<p>Chairman Mr YIU Si-wing CS/WKCDA Board C/M CEO/WKCDA</p>	<p>In reply to Mr YIU Si-wing's enquiries about the funding arrangements for the public infrastructure works for WKCD, CS/WKCDA Board C/M and CEO/WKCDA clarified that -</p> <p>(a) as mentioned in the funding submission to LegCo in 2008 for the provision of a one-off endowment fund of \$21.6 billion to WKCDA, while WKCDA would cover the design and construction costs of the arts and cultural</p>	

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		<p>facilities with the endowment fund, other communal and government facilities and related engineering works for supporting the whole WKCD would be undertaken by the Government with funding approval for such works to be sought separately;</p> <p>(b) the provision of an integrated basement was not included in the original scope of the WKCD project as per the CC base back in 2007, nor was it accounted for in the estimate for the upfront endowment of \$21.6 billion for the WKCD project approved by LegCo in 2008. The basement design was proposed in the three CPOs for WKCD prepared and presented for consultation with the public in 2009-2011. The conceptual plan designed by F+P with the inclusion of an integrated basement was selected by WKCDA in 2011 as the preferred CPO for WKCD and the basis for the preparation of WKCD DP; and</p> <p>(c) a decision had yet to be taken on whether the costs of building a district cooling system, which would serve to support the entire WKCD and was another newly added facility outside the original scope of the WKCD project, should be borne by the Government/WKCDA or shared between the two sides.</p>	
013812 - 014319	Chairman Ms Claudia MO CS/WKCDA Board C/M CEO/WKCDA	<p>Ms Claudia MO's queries about the Administration's proposal to undertake and fund the capital works of the integrated basement and SHA's earlier response to the proposal for increasing the plot ratio of the WKCD site.</p> <p>CS/WKCDA Board C/M emphasized that the Administration had no intention of bypassing LegCo as all funding proposals for the public infrastructure works for WKCD, including the integrated basement, were subject to approval by LegCo. SHA's response was made to a proposal for a major increase of the plot ratio of the WKCD site, whereas WKCDA was considering to apply for minor relaxation of the GFA and/or building height restrictions on the WKCD site. Such an application was provided for under the approved DP and subject to the approval of TPB.</p> <p>On Ms MO's concern about WKCDA's proposal to explore alternative sources of funding through granting of naming rights and whether a cap would be set on the number of facilities to be provided for naming, CEO/WKCDA advised that WKCDA considered it appropriate to balance out the contributions by the Government for the WKCD</p>	

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		<p>project with philanthropic/private contributions. WKCDA would keep open the option of naming right as an alternative revenue source for the project.</p>	
<p>014320 - 014812</p>	<p>Chairman Mr LEUNG Che-cheung CS/WKCDA Board C/M</p>	<p>Mr LEUNG Che-cheung's queries about why the public infrastructure works for WKCD had not been accounted for in the Administration's funding submission to LegCo for the one-off upfront endowment fund of \$21.6 billion for WKCDA in 2008, and whether the Administration/WKCDA would seek LegCo's approval for additional funding for the WKCD project in the event of any over-budget situation in future.</p> <p>CS and WKCDA Board C/M advised and explained that -</p> <p>(a) in considering the Administration's proposal for providing an upfront endowment of \$21.6 billion for WKCDA to implement the WKCD project in 2008, members had been advised that other communal and government facilities and related engineering works would be undertaken by the Government and funding approval for such works would be sought separately. FC approved in January 2013 funding of \$478 million (MOD prices) for the design and site investigation of government infrastructure works for supporting Phase 1 of the WKCD project. Acknowledging that the provision of an integrated basement was not covered in the CC case and was one of the major factors for the project cost escalation, the Government planned to fully fund the capital works of the integrated basement as general enabling works to facilitate the development of the whole WKCD project, subject to funding approval by LegCo; and</p> <p>(b) it was not feasible at the current stage to ascertain the overall capital cost of the entire WKCD project. It should be noted that out of the \$21.6 billion upfront endowment granted in 2008, the portion for the design and construction costs of WKCDA's facilities (\$15.7 billion) plus the associated investment return (\$2.1 billion) were allocated for delivering the core arts and cultural facilities and the Park in WKCD while other portions of the endowment fund were intended for their designated purposes, such as major repair and renovation of various facilities, etc. The relevant funds may further increase due to investment returns and WKCDA would keep under review the need to seek additional public funding for the WKCD project and report to LegCo in due course.</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
014813 - 015233	Chairman Ms Emily LAU CS/WKCDA Board C/M	<p>Ms Emily LAU's views that -</p> <ul style="list-style-type: none"> (a) WKCDA should report regularly to LegCo on the expenditure and financial situation of the WKCD project and consult it in early course should the need for additional funding arise; (b) the Administration/WKCDA should seek to recruit talents who were capable and well respected in their respective fields to take charge of the implementation of the WKCD project and explain clearly to the public the criteria/rationale for appointments; (c) the Administration and WKCDA should strive to take forward the project as expeditiously as possible for the early benefit of the community; and (d) WKCDA should come up with a better name for the Park in WKCD. <p>CS/WKCDA Board C/M's responses as follows -</p> <ul style="list-style-type: none"> (a) the Administration and WKCDA had all along endeavoured to recruit talents of high calibre and with vision and a global outlook to participate in the WKCD project, irrespective of nationality/race. On the other hand, the Administration recognized the need to nurture local talents for the WKCD project as well as the development of arts and cultural industries. To this end, an additional funding of \$150 million had been set aside for strengthening the training of local arts administrators; (b) the Administration and WKCDA were committed to implementing the WKCD project in a timely and efficient manner. The alternative approach for the Park development was proposed with the objective to facilitate early delivery of the Park for enjoyment by the public and the arts community; and (c) consideration would be given to conducting an open competition to solicit the community's suggestions and views on the name of the Park in WKCD. 	
015234 - 015701	Chairman Dr KWOK Ka-ki CS/WKCDA Board C/M CEO/WKCDA	<p>In response to Dr KWOK Ka-ki's concerns about WKCDA's personnel arrangements and its plans to contain costs and explore alternative sources of funding, CS/WKCDA Board C/M advised that WKCDA's staff recruitment had been and would continue to be conducted in an open and transparent manner. WKCDA would make every effort to take</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
		<p>forward the WKCD project as soon as practicable without compromising the quality of the facilities and the scale of the project.</p> <p>On Dr KWOK's enquiry about whether WKCD would recruit more local staff to take part in the implementation of the WKCD project, CEO/WKCD advised that among the 148 serving staff of WKCD, only 12 of them were recruited from outside Hong Kong to take up positions for which specific expertise was required. WKCD would conduct local recruitment as much as possible and the proportion of non-local staff would remain small in future.</p>	
015702 - 020128	Chairman CS/WKCD Board C/M Executive Director, Finance of WKCD ("EDF/WKCD")	<p>In response to the Chairman's enquiries, EDF/WKCD advised that -</p> <p>(a) a set of procedures and guidelines governing the expenditures of WKCD had been in place since 2010 following the formation of the Executive Team of WKCD. Depending on the amount of the proposed items of expenditures, approval by different tiers of authority, viz. Executive Directors, CEO, the Executive Team and the Board, was required. For instance, any proposed item of expenditure exceeding \$5 million had to be submitted to the Board for approval; and</p> <p>(b) WKCD conducted internal audits and its statements of accounts were audited annually by external and independent auditors. The audited statements of accounts had been uploaded onto WKCD's website for the public's information.</p> <p>The Chairman's request for WKCD to provide a copy of its audited statements of accounts for the past two financial years.</p>	WKCD to provide information (paragraph 6 of the minutes)
020129 - 020343	Chairman Deputy Chairman CS/WKCD Board C/M	<p>The Deputy Chairman's views that -</p> <p>(a) before discussing with the new Chairman of CP on the way forward in respect of the work of CP, CS should make reference to the functions and mode of operation of Metropoli-30 in Bilbao of Spain, as mentioned in the Report on Phase II Study of the Subcommittee of West Kowloon Cultural District Development formed in the Third LegCo; and</p> <p>(b) a mechanism should be put in place to enable LegCo to effectively monitor the financial</p>	

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		<p>position of the WKCD project, so that problems could be identified and rectified at an early stage.</p>	
020344 - 020819	<p>Chairman Miss CHAN Yuen-han Dr Helena WONG CS/WKCDA Board C/M Permanent Secretary for Home Affairs ("PSHA") Mr MA Fung-kwok</p>	<p>Miss CHAN Yuen-han's view about the demands for arts and cultural facilities in different districts.</p> <p>In response to Dr Helena WONG's concern about whether the public would be consulted on the current proposal of WKCDA to increase the plot ratio of the WKCD site, PSHA advised that WKCDA's application for minor relaxation of GFA and/or building height restriction would be made under section 16 of TPO. Public comments received during the publication period would be considered by TPB.</p> <p>Mr MA Fung-kwok's remarks about the objectives of his earlier proposal to raise the plot ratio of the WKCD site from 1.8 to 2.5 or 3.</p>	
020820 - 021041	<p>Chairman CS/WKCDA Board C/M Ms Emily LAU</p>	<p>CS/WKCDA Board C/M's advice that -</p> <p>(a) the upfront endowment of \$21.6 billion for the WKCD project approved by LegCo in 2008 was roughly equivalent to the estimated land revenue from the residential, hotel and office part of the commercial sites within WKCD, which would be disposed of separately by the Government through the normal land disposal mechanism; and</p> <p>(b) while the Government's Building Works Tender Price Index had increased by 102% from the third quarter of 2006 to the first quarter of 2013, the property price indices for residential flats, office space and shopping space had respectively risen by 100.6%, 122.6% and 223.7% during the same period. In other words, the present land value of the residential, hotel and office part of WKCD was much higher than \$21.6 billion and should be sufficient to cover the increased capital costs of the WKCD project.</p>	
021042 - 021112	<p>Chairman</p>	<p>Closing remarks</p>	