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

**Summary of the Administration's response/undertakings to issues
relating to the West Kowloon Cultural District Development**

(A) Issues raised by the Subcommittee on West Kowloon District Development (the Subcommittee) in its Report on Phase III Study

Issues	Administration's views/undertakings
(1) Development of West Kowloon Cultural District (WKCD)	
(a) Connectivity between WKCD and its neighbouring areas	The issue will be considered in the context of the Development Plan for WKCD.
(b) Professional support for the West Kowloon Cultural District Authority (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.
(c) 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 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.

(2) Core arts and cultural facilities	
(a) Separate design and construction contracts for iconic facilities	WKCDA will have the flexibility to decide on the procurement approach for the arts and cultural facilities in WKCD. According to the Financial Adviser (FA), even if the design and construction of the facilities are procured in two independent contracts, there will not be significant difference in the construction cost estimates.
(b) Downsizing of M+	The present scale of M+ is comparable to the scale 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.
(c) Engaging an international operator to operate M+	Such an arrangement is no different from allowing a foreign institution to have complete control of the operation and curatorial work of M+, and will restrict co-operation between M+ and other world-class museums in the future.
(d) Building up collections for M+	The Leisure and Cultural Services Department (LCSD) have rich collection on visual culture which amounts to around 62 400 items. There is also a large collection of Hong Kong movies and audio-visual materials. Moreover, some significant, renowned private collectors are willing to showcase their collections in M+.
(e) Arrangement for ownership of collection of M+	The ownership of M+'s collections, whether they are obtained through donation, acquisition or any other means, should rest with WKCDA. In order to ensure proper protection of the collections of M+, WKCDA may, when establishing M+ and its governing structure, through the making of by-laws which are subject to LegCo's approval, deal with the ownership of the collections of M+.
(3) Financial arrangements	
(a) Management of the upfront endowment fund for WKCDA	<p>At the Subcommittee meeting on 5 June 2008, the Administration undertook to put in place arrangements for reporting periodically to LegCo on the use of the upfront endowment by WKCDA, and WKCDA would attend meetings of LegCo and its committees from time to time to brief Members on the WKCD project.</p> <p>The WKCDA Ordinance has provided for the establishment of an investment committee to advise the WKCDA Board on investment matters. WKCDA is also required by statute to manage its finances (including resources) with due care and diligence. It is expected to rely on these financial resources to</p>

	<p>develop and operate the arts and cultural facilities, related facilities and ancillary facilities in a financially sustainable manner. In this connection, WKCDA shall invest in a financially prudent manner the funds available for investment in such classes or descriptions of investment as the Financial Secretary (FS) may specify. WKCDA may borrow and raise money. The Chief Executive (CE) may direct that WKCDA may not borrow or raise any sum which exceeds a specified amount without the approval of FS.</p>
<p>(b) Concerns on FA's financial analysis and assessment on the project (such as the low inflation rate adopted and the need to work out the "worst case" scenario)</p>	<p>The Administration has advised that it would be for WKCDA to find solutions to finance its works programme should inflation rate exceed its present estimation. The Administration has also assured the Subcommittee that there are no sufficient reasons for establishing a "worst case" scenario, and it does not envisage the need for further injection of funding to WKCDA by the Government. 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.</p>
<p>(c) Remuneration package for senior executives</p>	<p>The WKCDA Ordinance has provided for the establishment of a Remuneration Committee to advise WKCDA on matters relating to allowances, benefits and remuneration, and other relevant matters for all employees of the Authority.</p>
<p>(d) Provision for major renovation and reconstruction of WKCD after 50 years</p>	<p>Provisions have been made for major overhaul costs at appropriate intervals as well as annual building maintenance costs for each facility.</p>
<p>(4) WKCDA</p>	
<p>(a) Accountability and transparency of WKCDA's operation</p>	<p>The WKCDA Ordinance has provided for the following to ensure the public accountability of WKCDA: (i) the requirement for the Board members to declare interest and WKCDA to make available such information for public inspection; (ii) the designation of WKCDA as a public body under the Prevention of Bribery Ordinance and the Ombudsman Ordinance; (iii) the requirement to submit three-year corporate plans and annual business plans to the Government for record; (iv) the requirement to submit annual reports and audited statements of accounts to the Government which will be tabled in LegCo; (v) the requirement for the Chairman and Chief Executive Officer (CEO) of WKCDA to attend LegCo meetings and answer questions; (vi) the requirement for WKCDA to consult the public on matters relating to the development and operation of WKCD; and (vii) the power conferred on the Director of Audit to</p>

	examine the economy, efficiency and effectiveness with which the Authority has expended its resources in performing its functions.
(b) Accountability and transparency of WKCDA in its disposal of public resources	The WKCDA Ordinance has provided for WKCDA to keep proper accounting records and prepare a statement of accounts within three months after the end of each financial year; and for WKCDA to submit an annual report for 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 and activities of WKCDA and how it conducted the activities and implemented the projects set out in its corporate plan and business plan. As requested by members, 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 WKCDA, and a comparison of the accounts with those of the previous financial year will also be included in the annual report.
(c) Public access to WKCDA meetings and papers	While the WKCDA Board may choose to open some of its meetings under certain circumstances and make the relevant documents available to the public on its website, it is inappropriate to make it mandatory for the WKCDA Board to meet in public, or to prescribe the circumstances and ways in which it should or should not do so. The Administration's main argument is that most of the Board meetings would involve a great deal of discussions related to facility management contracts and even evaluation of performance of arts groups, which should not be open to the public.
(d) Delineation of funding responsibilities between WKCDA and the existing government and statutory bodies	WKCDA will be working 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.
(5) Public engagement	
Measures to enhance public engagement	The WKCDA Ordinance has provided for the establishment of a consultation panel to gather public views on matters relevant to the functions of the Authority.

(6) Cultural policy and software development	
(a) Funding arrangements for performing arts groups	The Administration will conduct a review on the funding arrangements for performing art 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.
(b) Review on the usage and management of existing venues and other cultural activities managed by LCSD	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/organizations.

(B) Issues/suggestions raised by the Bills Committee on West Kowloon Cultural District Authority Bill (the Bills Committee) but were deemed to be inappropriate to be specified in the legislation by the Administration

Issues/Suggestions	Administration's views/undertakings
(1) Provision of advice by WKCDA for the regulation of museum services	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.
(2) Members of the WKCDA Board should not serve as such a member for more than six consecutive 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 WKCDA 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.
(3) The precise composition of the WKCDA Board and its nomination or election mechanism	The Administration considers it more appropriate for CE to 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 also indicates that it is open to any organization or individuals to nominate persons for consideration of appointment to the Board by CE.
(4) The appointment process for the CEO should be fair and open	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 would not interfere with the appointment process.
(5) Disclosure of the remuneration packages for senior executives of WKCDA	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. WKCDA will follow this practice.
(6) Specific timetable for WKCDA to consult the public in preparing the development plan	The Administration considers it difficult to prescribe in the legislation the exact manner that the consultation should be conducted, but undertakes to request WKCDA to conduct the public consultation in an extensive and systematic manner.
(7) Meetings of WKCDA should be conducted in public, except for certain specified exceptional circumstances	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 organizing meet-the-media sessions to report on discussions and decisions of the Board.
(8) Establishment of a statutory appeal mechanism in respect of WKCDA's decisions	The Administration advises that it would not be practicable to identify and specify in the legislation the specific types of decisions of WKCDA which should be subject to appeal. Instead, it would request WKCDA to set up a complaints handling mechanism or procedures in the light of operational experience.

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