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

**Summary of past deliberations on agenda items II (b) and (c) to be discussed
at the meeting of the Joint Subcommittee on 27 February 2009**

Agenda item II (b): Public engagement exercise for the West Kowloon Cultural District (WKCD) project	
Members' views and suggestions	Administration's responses/follow up actions
<p><u>Former Subcommittee on WKCD Development</u></p> <p>(a) There is a need to make a fundamental overhaul of the mode of “public engagement” for the subsequent stages of the development of WKCD, with a view to fostering a sense of ownership among the public, building up consensus, and developing a healthy and organic cultural ecology for WKCD.</p> <p>(b) Future public engagement should strive to allow the public to participate right at the beginning and adopt a non-prescriptive, empowering and participatory approach.</p> <p>(c) An institutionalized mechanism should be established to allow stakeholders and the general public to put forward their views in a structured and systematic manner, and ongoing dialogues between the West Kowloon Cultural District Authority (WKCDA) and the stakeholders/general public.</p>	<p>The Administration has provided in section 20 of the WKCDA Ordinance (Cap.601) for the establishment of a consultation panel to gather public views on matters relevant to the functions of the Authority. The Ordinance has also provided that-</p> <p>(i) 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>(ii) 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>(iii) 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>The Administration has advised at the meeting of the Joint Subcommittee to Monitor the Implementation of the WKCD Project (the Joint Subcommittee) on 13 January 2009 that the</p>

Bills Committee on WKCDA Bill

(a) The provisions on public consultation in the WKCDA Bill are too loosely constructed. In effect, WKCDA is almost entirely free to decide when and how to consult.

(b) The Administration should provide in the Bill for the establishment of a standing consultation panel so that the stakeholders and the general public will be engaged in an ongoing and systematic manner throughout the development and operation of the WKCD project. It should also be specified in the Bill that-

(i) the function of the consultation panel is to provide a platform for soliciting views and building consensus among experts, stakeholders and the general public on major matters relating to the work of WKCDA;

(ii) in appointing the members of the consultation panel, WKCDA shall have regard to the function of the panel, and that the appointments should be consistent with the principles of transparency and equal opportunity;

(iii) WKCDA shall consult the consultation panel on the guidelines in relation to the functions and other matters of the panel; and

(iv) WKCDA shall give reasons for not adopting any recommendations supported by a majority of the members of the consultation panel.

consultation panel will be formed in the first quarter of 2009.

Agenda item II (c): Mechanism for timely monitoring of the financial position of WKCDA	
Members' views and suggestions	Administration's responses/follow up actions
Meeting of the Finance Committee on 4 July 2008	
(a) There should be effective monitoring of the use of the one-off endowment of \$21.6 billion and other financial resources by WKCDA.	<p>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 the Financial Secretary (FS), who shall cause the annual report to be laid on the table of the Legislative Council (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 conducts the activities and implements the projects set out in its corporate plan and business plan.</p> <p>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 be included in the annual report. The Administration will also arrange for WKCDA to conduct a mid-term financial review in around 2014-2015 and report to LegCo or its relevant committee(s) on the review results.</p>
(b) There should be sufficient mechanism to prevent abuse in spending by WKCDA.	The WKCDA Ordinance has provided 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.
(c) Problems cannot be identified at an early stage as it will take 15 months before WKCDA's first set of audited accounts will be made available.	WKCDA will have stringent corporate governance and it will strike a balance between high transparency/accountability and efficient operation.
(d) LegCo has a constitutional responsibility to safeguard and	For timely disclosure of information, both the Administration and LegCo are vested with the

<p>monitor the use of public funds. A mechanism should be put in place to enable LegCo to effectively monitor the financial position of the WKCD project so that problems can be identified and rectified at an early stage. There should be an alert system that can reveal timely information and bring into light discrepancies between the budgeted and the actual expenditures of individual projects.</p>	<p>powers to ask WKCDA to produce information on its operation when circumstances require.</p>
<p>Meeting of the Public Works Subcommittee on 18 June 2008</p>	
<p>(a) The Administration should ensure transparency in the use of the upfront endowment.</p>	<p>The Administration will put in place arrangements for WKCDA to report periodically to LegCo on the use of funds to ensure accountability of the use of the endowment.</p>
<p>(b) The Administration should give an undertaking for the implementation of a proper oversight mechanism whereby WKCDA would be required to provide regular report to LegCo.</p>	<p>WKCDA will provide annual statements of accounts and reports on its work and activities for tabling at LegCo. LegCo Members can also seek information on the WKCD project through raising questions at Council meetings.</p>
<p>(c) The Administration should put in place measures to hold WKCDA accountable to the public by providing six-monthly reports to LegCo on its activities and use of funds, such as: (i) staff establishment of the WKCDA; (ii) estimates and actual expenditure for staff remuneration and other personnel-related expenses; (iii) estimates and actual expenditure for outsourcing services; (iv) detailed plans on the delivery of various construction projects for the development of WKCD; (v) estimates and actual expenditure for each construction project with breakdown by expenditure items; (vi) progress in the delivery of the construction projects and reasons for any delays; (vii) business plans for the Core Arts and Cultural Facilities (CACF); (viii)</p>	<p>There are statutory requirements for WKCDA to provide to LegCo a copy of its statements of accounts and reports on its activities on an annual basis, and for the Chairman and Chief Executive Officer of WKCDA to attend meetings of LegCo and its committees as requested to answer questions raised by Members. The Administration has also taken on board the views of members to specify in the legislation a wide range of information to be provided in the Annual Reports for submission to FS who will cause them to be tabled in LegCo. 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>business plans for the Residential/Dinning/Entertainment (RDE) facilities at the commercial sites in WKCD; and (ix) other information requested by LegCo and its relevant committees.</p>	
<p>(d) An interim review of the financial arrangements should be conducted after the completion of Phase I development of the WKCD project around 2014-2015.</p>	<p>The Administration will arrange for WKCDA to conduct a mid-term financial review in around 2014-2015 and report to LegCo or its relevant committee(s) on the review results.</p>
<p>Former Subcommittee on WKCD Development</p>	
<p>WKCDA should ensure that its operation and financial arrangements are open for scrutiny by LegCo and the public, and be required to provide periodic reports to LegCo on the programme and estimates for the construction of CACF facilities, its business plans for CACF and RDE facilities, audited statements of accounts, and an account of the delivery of or delays in implementation of individual facilities.</p>	<p>The Administration will put in place arrangements for WKCDA to report periodically to LegCo on the use of the upfront endowment and to attend meetings of LegCo and its committees from time to time to brief Members on the WKCD project.</p>

Council Business Division 2
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