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

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 26 August 2011**

**Appointment of New Chief Executive Officer
of West Kowloon Cultural District Authority**

Purpose

This paper provides background information on the appointment of the new Chief Executive Officer ("CEO") of the West Kowloon Cultural District Authority ("WKCDA"), and highlights the concerns of members of the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee").

Background

2. On 7 January 2011, WKCDA announced the resignation of Mr Graham Sheffield from the post of CEO of WKCDA on health reasons. Mr Sheffield, who started working for WKCDA on 12 August 2010, was the second senior executive of WKCDA to resign shortly after assuming duty.¹

3. On 27 May 2011, WKCDA announced the appointment of Mr Michael Lynch as the new CEO of WKCDA. Mr Lynch assumed duty on 25 July 2011 and conducted his first visit to the West Kowloon Cultural District ("WKCD") site on 4 August 2011. His profile and the relevant WKCDA's press release are in **Appendix I**.

4. Under section 6 of the WKCDA Ordinance (Cap. 601), CEO is a member of the WKCDA Board. According to WKCDA's organization structure during the planning stage from 2009 to 2011, CEO reports to the Board and is responsible for providing leadership to initiate, lead and manage all initiatives and projects to develop WKCD. This includes the overall

¹ On 3 June 2009, WKCDA announced the appointment of Mr Angus CHENG as Executive Director (Project Delivery) of WKCDA, but Mr CHENG tendered his resignation for personal reasons on 16 June 2009.

responsibility for creating the strategic direction, project delivery, operations, financial management, policy and programme development, and government and stakeholder relations to effectively start up and achieve the goals of WKCDA. In addition, CEO needs to lead the fund raising and sponsorship activities for WKCDA.

Members' concerns

5. At the Joint Subcommittee meetings on 14 January and 29 March 2011, members discussed with the Administration and WKCDA on matters relating to the resignation and recruitment of CEO of WKCDA. Their concerns are highlighted in the ensuing paragraphs.

Follow-up to Mr Sheffield's resignation

6. Members in general expressed grave concern about Mr Sheffield's resignation on health reasons in mid-December 2010 and his new appointment as the Director Arts of the British Council ("BC") announced in late February 2011. Some members opined that they felt cheated and there might be deceptive elements in Mr Sheffield's grounds for resignation and his doctor's medical advice. In addition, many questions concerning the arrangements for his resignation remained unanswered, including why the six-month employment restriction after resignation as specified in his employment contract with WKCDA was not applicable outside Hong Kong, and why he had been exempted from giving three months' written notice to WKCDA before his departure. Some members considered that given the importance of the post of CEO to WKCDA and if Mr Sheffield was an honest person, he should have returned to Hong Kong or at least showed up in England to give a public explanation of his resignation. The Administration and WKCDA should not just leave the case of Mr Sheffield's resignation aside, and should consider taking legal action against him or at least issuing a reprimand to him. On the other hand, there was a view that significant differences of views or internal conflicts might arise between Mr Sheffield and the WKCDA Board, and WKCDA might be unable to demonstrate its commitment to the cultural vision of WKCD and therefore, to convince Mr Sheffield that his aspiration could be realized.

7. According to WKCDA, the information provided by Mr Sheffield indicated that he began his search for new employment opportunities after tendering his resignation on 15 December 2010. WKCDA noted that he had met a recruitment firm regarding the BC's post on 4 January 2011, while his resignation had not been accepted until 7 January 2011. The whole arrangements endorsed by the WKCDA Board on 7 January 2011 for accepting Mr Sheffield's resignation on compassionate grounds were based on the

information available to WKCD at that time, i.e. the medical advice produced by Mr Sheffield's doctor and the observations on Mr Sheffield's health condition from his colleagues at WKCD. Certain information about his new appointment, such as his meeting with a recruitment firm on 4 January 2011, was unavailable to WKCD until end-February and early March 2011. WKCD stressed that there had definitely been no collusion between the WKCD Board and Mr Sheffield concerning his resignation. The Board hoped that he could show up either in Hong Kong or in England to provide a public explanation of his resignation. Subject to the availability of any new evidence, the Board undertook to take appropriate action against him.

Impact on WKCD

8. Some members expressed worry that Mr Sheffield's departure might adversely affect the development of arts and cultural programmes to which Mr Sheffield had attached importance. WKCD was urged to explain its relevant policy, particularly the mode of operation to be adopted for such programmes and the performance facilities, as this would affect the autonomy of artists/arts groups in conducting such programmes and the nurturing of artists. In addition, a high personnel turnover rate (i.e. about 25%) had been recorded as at 7 January 2011 since WKCD came into operation in October 2008. Members were worried that Mr Sheffield's resignation might undermine the staff morale in WKCD. Noting a lot of vacancies posted on WKCD's website, some members sought clarification on whether such vacancies were owing to the high personnel turnover rate or newly created to cope with the development of WKCD, and whether WKCD would have any plans to boost staff morale.

9. According to the Administration, Mr Sheffield's departure would not have any substantial impact on the arts and cultural programme development in WKCD. Under WKCD, there were the Museum Committee and the Performing Arts Committee responsible for formulating the mode of governance of the museums and performing arts venues in WKCD. WKCD were consulting the stakeholders on the matter. WKCD assured members that most of the vacancies posted on WKCD's website were new posts created to cope with the latest development of WKCD. The projected headcount for WKCD was over 100 in 2011 but WKCD had only some 60 staff at the current stage, and recruitment for more new posts was expected to be in the pipeline.

Recruitment for new CEO

10. Some members opined that factors including work pressure, cultural differences and WKCD's structure and mode of operation should be duly considered in the selection of the new CEO. The recruitment process for CEO

should also be reviewed. CEO candidates should be adequately informed of the work situation and challenges the new CEO would face in Hong Kong. They should also be arranged to meet with the management team of WKCDA to facilitate mutual understanding. Some members considered that there might be different requirements for CEO in different stages of the WKCD project. The WKCDA should consider dividing the work of CEO into two posts, with one focusing on the development of works projects and the other on arts and culture. According to the Administration, the WKCDA Board was considering creating the post of deputy CEO or Chief Operating Officer to strengthen the support for CEO, and would consult the new CEO before making a decision.

Employment restriction

11. There was a view that the six-month employment restriction on senior executives including CEO after their resignation from WKCDA should be tightened and extended to employments outside Hong Kong, although WKCDA might exercise its discretion to relax the restriction on a case-by-case basis. In the Administration's view, WKCDA had struck a balance between protecting its interest, talent acquisition and enforceability of contract terms. According to the opinion of independent counsel, the employment restriction and the necessary injunction sought in relation to it would be more enforceable in Hong Kong than in overseas jurisdictions. Moreover, extending the restriction globally might undermine the attractiveness of WKCDA's senior posts to overseas talents.

Pre-employment medical checkup

12. Some members expressed concern about whether WKCDA would require its CEO and other senior executives to have a pre-employment medical checkup. There was a suggestion that while it might be in breach of the Disability Discrimination Ordinance (Cap. 487) if a job applicant or an employee was denied employment for health reasons, WKCDA should still obtain more information from CEO candidates about their health conditions. For the sake of better risk management, WKCDA might consider adding relevant safeguard provisions to the employment contract with the new CEO. According to WKCDA, neither Mr Sheffield nor other Executive Directors ("EDs") had been subject to such a requirement. For the sake of better risk management, WKCDA would review the feasibility of putting in place the requirement for senior executives in future. WKCDA would provide a voluntary annual medical checkup for CEO and EDs to manage their health risks, although their medical reports might not be made available to WKCDA for the sake of personal privacy.

Management of WKCDA

13. Some members were of the view that as the implementation of the WKCD project would require co-operation from many government departments, the Chief Secretary for Administration ("CS"), who was the Chairman of the WKCDA Board, should be more hands-on rather than hands-off in supporting the work of WKCDA. However, there was a view that CS should strike a proper balance between hands-on and hands-off approaches. In the Administration's view, such a balance had all along been maintained properly.

Relevant papers

14. A list of the relevant papers with their hyperlinks on the Legislative Council's website is in **Appendix II**.

Council Business Division 2
Legislative Council Secretariat
18 August 2011

Press Releases

27 May 2011

Michael Lynch Appointed WKCDA Chief Executive Officer

The Board of the West Kowloon Cultural District Authority (WKCDA) today announced the appointment of Mr Michael Lynch as its Chief Executive Officer. Mr Lynch will assume duty in late July 2011.

Mr Lynch will lead and manage the artistic and project development of the West Kowloon Cultural District. He will report to the Board and serve as an ex-officio member.

Announcing the appointment, Mr Henry Tang, Chairman of the Board of WKCDA, said, “I am delighted to have Michael on board. Michael brings in over 35 years of arts administration experience in various arts and cultural aspects. He is a highly-respected professional in his field with extensive international network. He has been passionate about the West Kowloon Cultural District for a long time, and he has a deep understanding and insight on its future development and artistic positioning.”

Mr Lynch said he was thrilled with the new appointment. “I am really looking forward to working closely with the Board, Committees, the WKCDA team and also our stakeholders. The world has set its eyes on the West Kowloon Cultural District, which aspires to bring the best international arts to Hong Kong, and show the best of Hong Kong culture to the world. I am so honoured to be a part of it, and I look forward to assisting in this great enterprise of creating a whole new arts and cultural experience in Hong Kong.”

Mr Lynch is a well-known international arts administrator, having served in the top jobs in Southbank Centre (2002-2009), Sydney Opera House (1998-2002), Australia Council (1994-1998), and Sydney Theatre Company (1989-1994).

Mr Lynch led the major development and refurbishment of the Royal Festival Hall and the Southbank Centre, one of Europe’s largest centres for the arts.

Mr Lynch has extensive international connections in the arts scene which he could bring to WKCDA. He was Chairman of the Association of Asia Pacific Performing Arts Centres from 1999 to 2002 and has been invited to Asia as guest speaker at various conferences and events.

Born and raised in Australia, Mr Lynch has over 35 years of experience in the arts field and 20 years of senior management experience. His track record and rich knowledge of the international arts scene are well recognized by the international arts community. He was made a Commander of the British Empire in 2008 for his services to the arts and awarded an Order of Australia in 2001 for his services to arts administration. He is currently a director of the Australian Broadcasting Corporation, Film Victoria and the Myer Foundation.

Mr Lynch is married to Chrissy Sharp, Founding Director of the Wheeler Centre for Books, Writing and Ideas in Melbourne, Australia, and the former General Manager of Sadler’s Wells, London (2004-2009) and of the Sydney Festival (2000-2003). They have three children who all work in the arts and film industries in Australia.

Biography of Mr Michael Lynch

Michael Lynch was the Chief Executive of London’s Southbank Centre from 2002 to 2009.

In addition to the transformation of the Royal Festival Hall, he undertook a significant organizational change programme as well as the development of a new artistic policy and cultural programme that re-established Southbank Centre as one of the most important cultural institutions internationally.

Previously, Michael had a long career in arts administration in Australia. He was Chief Executive of the Sydney Opera House from 1998 to 2002. Under his leadership, the team formulated the Strategic Building Plan 2001 which addressed the capital needs of Sydney Opera House over the next 50 years and planned for major improvements to acoustics in the Concert Hall and the Opera Theatre.

Michael was General Manager of the Australia Council, the Australian Federal Government's arts funding and advisory body, from 1994 to 1998. Prior to that, he was General Manager of the Sydney Theatre Company from 1989 to 1994.

In his earlier working life, Michael ran his own agency Forcast and was an agent for the performing arts and film and television industry. He began his career at the Australia Council for the Arts in 1973 and was a former manager of the Nimrod Theatre in Sydney and Administrator of the Australian National Playwrights Conference.

Michael was awarded an Order of Australia (AM) in the Queen's Birthday Honours List of 2001 for services to arts administration particularly through implementing transparent and effective processes for grants funding and as an advocate for Australian cultural life. In 2008, he was made a Commander of the British Empire (CBE) in the Birthday Honours for his services to the arts.

Michael returned to Australia in June 2009. In March 2009, Michael was appointed a director of the Australian Broadcasting Corporation for a five-year term. He is also a member of the Board of Film Victoria and the Myer Foundation.

Work History

2002 – 2009	Chief Executive, Southbank Centre
1998 – 2002	Chief Executive, Sydney Opera House
1994 – 1998	General Manager, Australia Council
1989 – 1994	General Manager, Sydney Theatre Company
1981 – 1989	Managing Director and Partner, Forcast Pty Ltd.
1980 – 1981	New South Wales Ministry for Education Office of the Minister
1979	Administrator, Australian National Playwrights Conference, Canberra
1976 – 1978	Manager, Nimrod Theatre, Sydney

Other Information

2009	Appointed Director on the Board of the Australian Broadcasting Corporation for a five-year term
2008	Awarded Commander of the British Empire (CBE) for services to the arts
2002	Awarded Order of Australia (AM) for services to arts administration, particularly through implementing transparent and effective processes for grants funding and as an advocate for Australian cultural life.

**Relevant documents on
Dialogue with the Chief Executive Officer of West Kowloon Cultural
District Authority**

Committee	Date of meeting	Documents/Papers
Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project	2009.1.13 Item II	Agenda
	2009.6.19 Item II	Minutes
	2009.9.7 Item II	Agenda Minutes
	2009.11.16	CB(2)362/09-10(01) Chinese only
	2009.12.4 Item III	Agenda
	2010.9.20 Item I	Agenda
	2010.9.20	FS06(01)/09-10 Chinese only
	2011.1.14 Item III(a)	Agenda Minutes
	2011.3.29 Item II(a)	Agenda Minutes