

REVIEW OF OPERATIONS



The year under review was an important year for the WKCDA to lay down a solid foundation for the District to move ahead in the years to come.

First the WKCDA has installed a full management team with all eight senior executives now firmly in place. They would work closely with the new Chief Executive Officer, Mr Michael Lynch, formerly Chief Executive of Southbank Centre and Sydney Opera House, who was appointed in May 2011 to lead the WKCDA.

On the project front, the WKCDA selected Foster + Partners' **City Park** conceptual plan as the master layout plan of the future arts hub following a three-month Stage 2 Public Engagement Exercise ("PE2") which returned the **City Park** plan as the popular choice in many aspects.



A. PROJECT DELIVERY

The highlight of the Project Delivery team during the year under review was the selection of a preferred Conceptual Plan and thereafter commencing the preparation of a Development Plan (“DP”) for the statutory town planning process for the future arts and culture hub.

Selection of Conceptual Plan

Upon completion of PE2, the WKCDA Board set up a Selection Panel, composed of Members of the Board and Committees of the WKCDA with strong arts, cultural, community and professional backgrounds, in November 2010, to examine technical and other merits of three Conceptual Plan Options with the aim of making a recommendation to the Board of the WKCDA on the selection of one preferred Conceptual Plan.

The Conceptual Plan Options were evaluated against six selection criteria set out by the Board as below:

- a) Meeting Planning Design Principles
- b) Meeting Community and Stakeholders Aspirations
- c) Design and Phasing Flexibility
- d) Technical Strengths and Weaknesses
- e) Financial Implications
- f) Fulfilling the Key Planning and Development Requirements

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Six Selection Panel meetings were held from November 2010 to March 2011 to study various aspects of the plans, including workshops with the three master planning teams. After months of dedicated effort and working stringently through the assessment process, the Selection Panel recommended and the Board of the WKCD decided to select **City Park** of Foster + Partners (“Foster”) as the preferred option.

The Board chose Foster’s **City Park** for its balanced mix of land uses integrating arts and cultural facilities with other uses which improves visitor experience and enhances vibrancy in WKCD. The city park concept, relaxing atmosphere and various green features in Foster’s scheme earned the most public support in PE2. The scheme also puts forth clustering concepts that minimise footprint and create greater synergy between different facilities.

Moreover, as the WKCD project will span a number of years over different phases by way of organic growth, the high degree of flexibility demonstrated in Foster’s scheme not only allows swapping of sites to facilitate earlier development of core arts and cultural facilities, but also allows public enjoyment of arts and cultural facilities amidst ongoing construction programmes. The park and open space proposed in Foster’s scheme also allow room to accommodate temporary arts and cultural activities prior to the commissioning of Phase 1 facilities.

Foster continued to work with the WKCD in enhancing the preferred Conceptual Plan to address various practical issues, and incorporate suitable desirable features from the other two conceptual plans. The preferred Conceptual Plan will serve as the basis for the Project Consultant to prepare a DP for the Stage 3 Public Engagement Exercise (“PE3”) and submission to the Town Planning Board around the end of 2011 for consideration.



Development Plan Preparation

In parallel with the DP preparation, the WKCDA Management, together with its Project Consultant is undertaking an exercise to develop the Schedule of Accommodation and the Venue Positioning together with stakeholders and potential users of the 17 Core Arts and Cultural Facilities to be constructed in the District. The exercise will continue, at a more detailed level, to cover the functional requirements of individual space and room of these facilities.

In the course of DP preparation, a Working Group for Interfacing Issues between the WKCD project and the West Kowloon Terminus of Guangzhou-Shenzhen-Hong Kong Express Rail Link, composed of Members of the Development Committee of the WKCDA and representatives from Highways Department and MTR Corporation Limited, has been established for close coordination and resolution of various interfacing issues involved. The WKCDA Management has also pro-actively liaised with other related companies and government departments in dealing with interface issues critical for the planning of WKCD. Western Harbour Tunnel Company Limited and China Light and Power Company Limited have been involved.

Information on the DP will be unveiled to the public in PE3 before submission to the Town Planning Board around end 2011.

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B. PERFORMING ARTS

The Performing Arts (“PA”) team has devoted much effort during the year to build partnerships with the local arts and culture community. The team has not lost sight of software development and has embarked on laying the groundwork for capacity and audience building programmes. Another major task was to develop artistic positioning, operation, management and financial plans for performing arts facilities in WKCD. The team will report new developments to the PA Committee and seek endorsement from the Board at appropriate stages in the process.

To ensure future arts and culture facilities in the District will meet public aspirations, the PA team participated in PE2 and collected views on the three Conceptual Plan Options from arts and culture groups in open forums as well as focus group meetings. Their views were later consolidated for consideration by the Selection Panel in their choice of a preferred option.

At the same time, the team also undertook a Stakeholder Engagement Exercise from December 2010 to January 2011 on the proposed artistic positioning and individual technical features of the 15 PA facilities, their development priorities as well as the clustering of these facilities. A total of 140 representatives attended 14 meetings and five focus group meetings for the Theatre, Dance, Music, Xiqu and Pop Music sectors. During these sessions, participants held in-depth discussions with the WKCDA Management and its Project Consultant.

The stakeholders’ views were reported to the PA Committee and all consultation materials were uploaded to the website.

On the planning front, using the Consultancy Study on Mode of Governance of the Performing Arts Venues of the WKCD and the Consultancy Study on Market Analysis of the Performing Arts Venues of the WKCD as references, the PA team is developing operational and financial models of the various facilities under its scope.

The WKCDA has been organising PA programmes and activities to familiarise the public with the WKCD and its content. As agreed by the PA Committee in September 2010, the planning directions of PA programmes in the interim period would be mainly capacity building and audience development.

For capacity building, the PA team will organise or support training programmes, overseas attachment programmes, conferences and seminars in collaboration with different educational/cultural institutions and performing arts groups. For audience development, in order to link WKCD with the community, and grow the local audience base, programmes and public outdoor performances will be organised both on and off the WKCD site.

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C. MUSEUM

Planning for the WKCD's pioneering contemporary arts museum, M+, accelerated with the arrival of Dr Lars Nittve, in January 2011 to lead the M+ team. One of the priority tasks was to lay a conceptual groundwork for the future museum.

The early formulation of a conceptual framework for the museum will have significant bearing on all aspects of the future work of the team, spanning from the staffing plan, the collection policy, operation and management policy, financial plans and most important of all, to the planning of the future museum building. The team reports new developments to the Museum Committee and seeks endorsement of the Board at appropriate stages in the process.

Initial works on defining a framework were conducted during the autumn of 2010 when a group of seven postgraduate students conducted a number of research tasks under an internship programme of the WKCDA. Their findings were important to the future planning of the museum and the Cultural District. The materials, together with the fundamental thinking presented in the Museum Advisory Group's report of November 2006, formed the "software" base for the development of a Vision for the museum – "What is it? For whom?"



The M+ team identified the following fundamental characteristics of the future museum:

- M+ is a museum of Visual Culture, reflecting both the cultural specificity of Hong Kong and the latest developments in how art and wider visual culture is defined. It will embrace both design and architecture, moving image, popular culture and of course what normally is called visual art – including Ink Art.
- The main aspect of the collection displays and exhibitions will be an integration of these different strands of visual culture – all in line with the expansion of the concept of art we have seen in recent decades.
- There will also be focused presentations of particular Hong Kong stories, be it architectural typologies, the development of contemporary Ink Art or the history of Hong Kong neon signs.
- Education is not an “add on” to the museum. The museum in itself – all aspects of it – is Education. A guiding motto is “The More You Know The More You See”.
- The museum is not the same as the building it occupies. A Museum is a relationship between a content and its audiences – what a museum does is to try to optimise the event when the two meet – for both parties, remembering that these parties have very different needs.
- A Museum should be uncompromising in how it presents the work of artists and designers, realising their visions to the fullest extent – yet it should also aim at breaking down all unnecessary barriers that hinder the public from full enjoyment of the art. “Excellence and Access” is a second guiding motto.
- Finally M+ is a museum with, as the Museum Advisory Group proposed, “A Hong Kong perspective and with a global vision”. M+ will be a platform for the best of Hong Kong art – but also the place to see the best of art from around the world in Hong Kong. This will be evident in all aspects of the museum experience – in the collection and in the exhibitions.

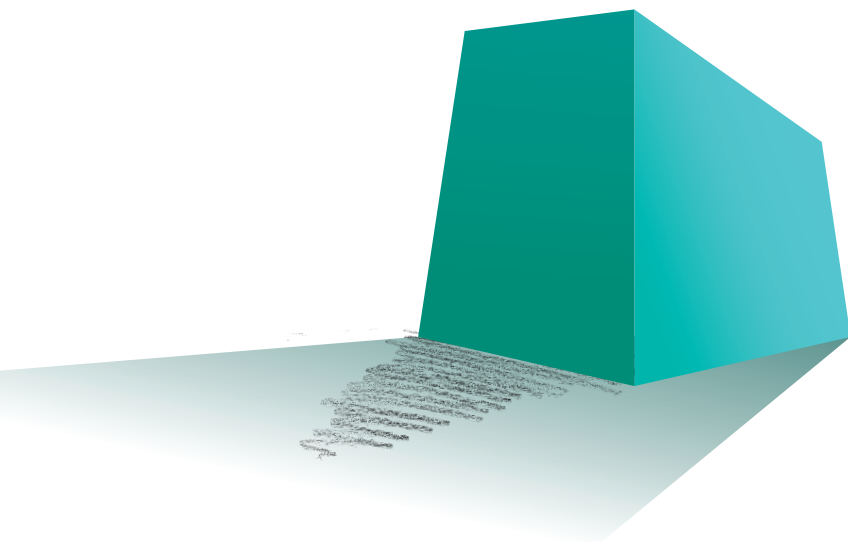
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Strengthened by a number of open and supportive round-table discussions, the M+ team started a number of planning activities, including a recruitment process. The selection of a Conceptual Plan also triggered a need for rapid input into the Schedule of Accommodation – the plan for the future building, the needed functions, spaces and character necessary to deliver the Vision.

At the same time, the process to plan for a Mobile M+ picked up speed. The creation of a “nomadic” museum long before there is a finished building is a natural consequence of the motto “The Museum is not the same as the Building it occupies”. The plans that were developed during the spring of 2011 will subsequently be fine-tuned with the aim for a launch before next spring.

Much has been achieved in defining the vision and seeking consensus with stakeholders on the way forward for the museum during the year under review, the growing M+ team looks forward to a truly exciting 2011/2012 by turning concepts into concrete plans.

On planning for the future Exhibition Centre, an Exhibition Sub-committee, chaired by Museum Committee Chairman, Mr Victor Lo, will be formed under the Museum Committee, to study the role and character of the Exhibition Centre.



D. SOFTWARE DEVELOPMENT

Knowing that the public as well as the stakeholders are as concerned about software development as they are concerned about the hardware, the WKCDA has been working with education institutions and arts and cultural organisations to cultivate software for the benefit of WKCD and the whole cultural community.

To meet the rapidly expanding demand for experienced arts administrators, the WKCDA has been collaborating with local educational and arts institutions to conduct various training programmes since last year. The WKCDA's first initiative on the education front was to sponsor scholarships for The University of Hong Kong's 10-month Advanced Cultural Leadership Programme starting in January 2011 in collaboration with Britain's Clore Leadership Programme. The intention of such education programmes was to nurture talent for the whole arts community, not just WKCD.

The PA team also plans to stage more outdoor cultural activities, possibly in partnership with cultural and community organisations on and off the WKCD site. It is envisaged that the WKCDA could provide a temporary venue on site for both indoor and outdoor events and for visual arts displays before commissioning of the Phase 1 facilities.

At the same time, the Performing Arts and M+ teams are working closely with the Project Delivery team and consultants to include education elements in arts and cultural facilities as well as creative learning facilities within the future District.

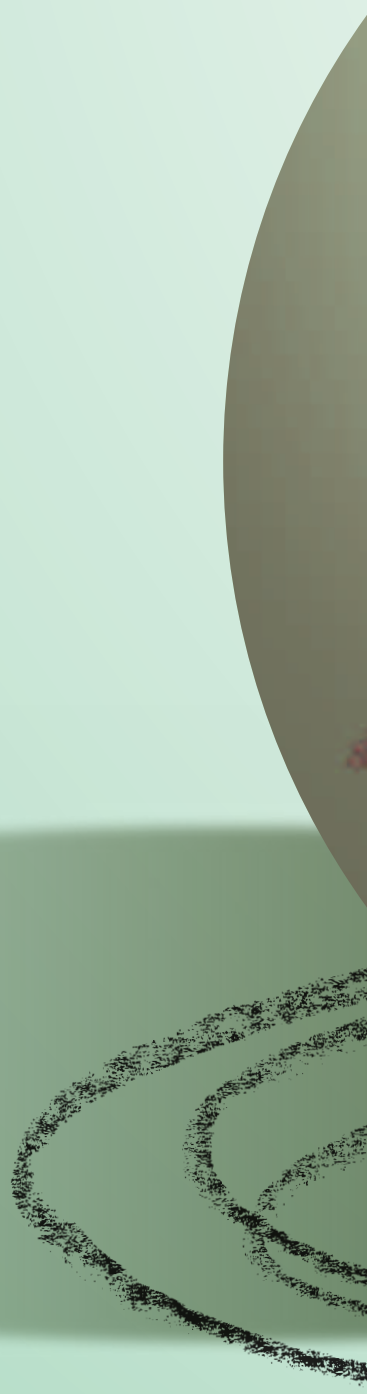


“ Attracting young audiences to the Cantonese Opera performances is incumbent upon our young actors. WKCD is the base in this regard and I hope I can present to you the fruit of my hard work on this new stage! ”

Liu Hong-wah

“ West Kowloon is a metropolis of art and culture, bringing global exchange, bringing in peace and friendship, and health. ”

Yu Ling-lung



“ The three-minute stage performance
is worth 10 years of hard work.
When the Xiqu Garden (Li Yuan)
blossoms so would the West Kowloon. ”

Lai Yiu-wai



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E. FINANCE

The principal functions of the Finance Department are to:

- a) manage the investment of the one-off upfront endowment of HK\$21.6 billion for the WKCDA to develop the WKCD in a financially prudent manner with due care and diligence, and ensure the financial sustainability of the operation and management of arts and cultural facilities, related facilities and ancillary facilities;
- b) review and monitor all financial matters of the WKCDA to ensure the WKCDA's activities are meeting the objectives of the WKCDA and that the day-to-day operations are managed in an efficient and effective manner and with adequate financial controls;
- c) set up effective information technology systems as the project evolves.

With the appointment of the Executive Director, Finance in April 2010, the Finance team was gradually built up to a total headcount of seven as at March 2011 to cover activities in treasury and fund management, finance and all other related accounting matters and the setting up of the information technology systems.

The rate of return on the WKCDA's investments improved to 3.4% p.a. for the financial year ended 31 March 2011 in comparison with 1.1% p.a. for the previous year.

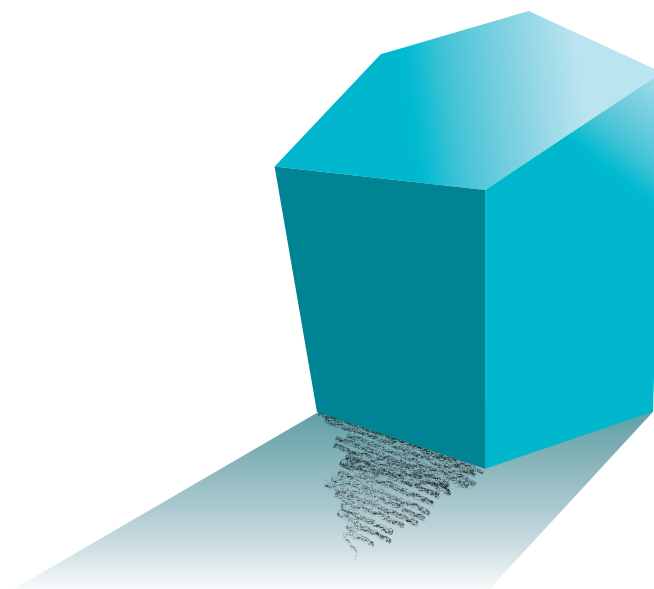
After reviewing the broad order of cost and revenue estimates of the different phases of the WKCD project development and the current investment market situation, on 7 July 2010, with the approval of the Board and the Financial Secretary ("FS") pursuant to Section 23(1) of the WKCDA Ordinance, the WKCDA placed an additional HK\$3.5 billion with the Hong Kong Monetary Authority ("HKMA") for a period of six years, making the total amount of long-term investment placed with HKMA at approximately HK\$10.7 billion (including accrued investment income) as at 31 March 2011. The rate of return is determined annually in January and was fixed at 6.3% p.a. for 2010 and 6.0% p.a. for 2011.

Pending finalisation of the project cashflow, the rest of the endowment was placed in short-term deposits yielding an average annualised rate of 1.4% through active management of deposit placement by professional staff expert in the area. Through active monitoring of the investment market and after obtaining approval from the Board and the FS, an initial HK\$1.08 billion was converted into Renminbi (“RMB”) in early 2011 for short-term deposit placement to further enhance yield. The cumulative exchange gain on the WKCDA’s RMB deposit was HK\$4.6 million as at 31 March 2011.

To reduce concentration risk, the Board also approved the addition of six A-rated foreign banks to the WKCDA’s approved banks list resulting into a total of 24 approved banks. The addition of bank counterparties also enhanced the average yield of bank deposits.

In addition, a three-year Corporate Plan for the financial years 2011/12 through to 2013/14 and an annual Business Plan for 2011/12 were developed and approved by the Board in March 2011 setting out the framework, objectives and milestones for the WKCDA in the next three years. A review of the financial delegation of authority was conducted after the new management team was on board and a revised set of financial delegations of authority for approving expenditure and authorising payments was approved by the Board in October 2010. In December 2010, the accounting system was re-developed from the basic system to a more sophisticated Enterprise Resource Planning system for better control and with capability for future expansion.

In the information technology area, the WKCDA website was enhanced to support the smooth rollout of PE2 in August 2010. An intranet website was also developed in-house and launched in October 2010 to enhance and facilitate internal staff communications as the WKCDA grows.



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F. HUMAN RESOURCES

Not only expertise, but more importantly, the commitment of the WKCDA's people drives the creation of the vision and objectives of the WKCD for Hong Kong. In alignment with the vision, the key human resources objective is to establish an effective organisation through successful talent acquisition and retention, with optimal level of manpower resources, arts and culture competence and an appropriate structure.

The principal functions of Human Resources Department are to:

- a) critically manage the WKCDA's manpower resources and other resources at optimal level and within the approved budget and to maintain adequate competent staff for development and project delivery;
- b) maintain an effective remuneration strategy and to develop appropriate human resources mechanisms to enhance staff commitment and engagement and organisational effectiveness;
- c) establish appropriate human resources policies and guidelines for application in the WKCDA for the next two to three years to ensure the WKCDA is in full conformity with the Hong Kong Employment Ordinance and related statutory requirements;
- d) maintain positive employee relations and enhance staff engagement in the WKCDA to strengthen the team cohesiveness and team working across departments; and
- e) ensure the office relocation project was delivered in a timely and cost-effective manner.

The most notable recruitment activity during the year was the speedy recruitment of a new Chief Executive Officer, following the resignation of Mr Graham Sheffield in January for health reasons. The appointment of a well-respected arts administrator, Mr Michael Lynch, to fill the post, has largely allayed leadership concerns within the community.

The WKCDA had 66 staff in post as at 31 March 2011, comprising 54 directly recruited staff and 12 clerical temporary staff to take forward the imminent and urgent tasks of the WKCDA.

The WKCDA believes in providing a quality office environment and maintaining best practices in office administration (including office security, procurement of general office supplies, occupational health and safety and facility management) are the key elements to enhance team working and organisational productivity.

FACTS & FIGURES:

How many people did the WKCDA hire during the year 2010/11?

- Human Resources received and processed about 4,500 employment applications.
- About 50 positions were posted.
- About 65 employment advertisements were published.
- About 40 positions were filled.
- A similar scale of activity is expected in the year 2011/12.

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G. CORPORATE AND COMMUNITY AFFAIRS

The WKCD is built for the people of Hong Kong and the success of the project hinges on whether the future District meets the aspirations of the public and requirements of its users.

Engaging the community and stakeholders on development of the project and assimilating their views during the planning are therefore of pivotal importance to the WKCD – a task undertaken by the WKCD since its inception.

Stage 2 Public Engagement Exercise

A focal point of the year under review was PE2, and the unveiling of the three Conceptual Plan Options, namely **City Park** designed by Foster + Partners, **Cultural Connect: Key to Sustained Vitality** by Rocco Design Architects Limited and **Project for a New Dimension** by Office for Metropolitan Architecture for the future WKCD.

During the three-month PE2, there were more than 30,000 visitors to the exhibitions, which displayed plans of the three planning teams. About 8,000 views were received via questionnaires or other means, of which more than half of those responding to our survey questionnaire were under the age of 30. Furthermore, a tailor-made school tour programme to the exhibitions was overwhelmingly subscribed, with about 4,000 students from 78 schools participating and enthusiastically responding to the polls.

Views and comments from the general public as well as stakeholders carried no less weight than those of the young people. With a roving exhibition across the territory, the WKCD chose six different locations from Hong Kong Island, to Kowloon and to the New Territories to allow more participation. Overall, the WKCD organised 27 PE activities, including 15 focus group meetings/forums, six other meetings/forums, five public forums and a Youth Forum. The website for PE2 recorded 61,811 visitors and 6.8 million hit rates throughout the period.



The three Conceptual Plan Options also attracted global audiences in the 12th Venice Biennale International Architecture Exhibition held over a two-month period from August 2010. The international community was able to comment on the plans and highlight their favourite individual aspects of each option.

Immediately after the official opening of the Hong Kong Exhibition, titled “Quotidian Architectures”, at the Biennale, the WKCDA hosted a special 90-minute panel forum, “Hong Kong Arts: Imagining the Future” which explored the development of the WKCD and how architectural planning could impact the growth and the success of the city’s arts and culture.

A team from the Public Policy Research Institute of the Hong Kong Polytechnic University was tasked to collate and analyse a total of 7,948 documents, including 7,310 questionnaires, received during PE2. A report on the results was published in February this year.

The results showed that all three Conceptual Plan Options were well received, scoring an average of at least three out of five in nearly all categories. Besides, there was general support for the development of the arts and cultural facilities in phases in order to allow for organic growth.

The findings provided very useful guidance for the WKCDA in deciding on the preferred Conceptual Plan.

The conclusion of PE2 would lead to the final Public Engagement, PE3, where information on the Development Plan that has evolved from the preferred Conceptual Plan will be unveiled to the public.

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Communications with the Public and the Media

The WKCDA, as an open and transparent organisation, made every effort to provide the public and the media with on-the-ground updates on the District's development and our work.

The WKCDA maintained cordial and close contacts with local and international media during the year. To facilitate media coverage, we used a full range of communication tools from press conferences, media briefings/activities, press releases and the Internet. The WKCDA conducted eight media briefings and issued 27 press releases in the year.

Board Members and Senior Management gave numerous radio, newspaper, and television interviews to bring accurate information to the public. The WKCDA also provided assistance to visiting overseas journalists, offering briefings to bring them up-to-date on the development of the District.

The community played a key role in the development of WKCD. Communicating with the public and obtaining their feedback enabled us to continually improve our work. Various communication channels, such as email, fax, letter, telephone, and social media were available to receive public enquiries or comments. The WKCDA also strived to handle all the incoming messages appropriately and promptly.

To disseminate first-hand information to the public, we maintained an informative website (www.wkcda.hk) on which members of the public could access a wide range of information including the latest progress of the WKCD project, press releases, publications, photos, as well as programmes for, and details of our public engagement exercises. Throughout the year the WKCDA website attracted 141,193 visitors and 31 million hit rates.

Moreover, monthly highlights of our activities and major progress in the form of an e-newsletter were sent to more than 3,000 subscribers and interested parties.

H. INTERNAL AUDIT

Internal Audit (“IA”) is an independent function established within the WKCDA for the review of operations and internal control system of the WKCDA as a service to the Board. Reporting to the Audit Committee, IA performed, during the year, audits designed to evaluate the adequacy and effectiveness of internal controls in the following areas:

- Procurement
- Investment and placement of deposits
- Operation of bank accounts and payments
- Consultancy fee payments
- General ledger accounting system
- Control over staff recruitment and payroll preparation

Audit reports summarising the results of the audits together with any recommendations for improvement were issued to the line managers concerned for action. The results of audits performed by IA were also reported to the Audit Committee periodically.

“ Music is an art form which enables artists to speak and share their emotions with people. It touches one's heart. It reminds of memories. It gives hopes, and it brings love to the world, sacredly and secularly. ”

Rachel Cheung

“ The arts is the future of the city.
Rhythm is life.
Music is life.
City rhythm is the same as in music.
Music belongs to all! ”

Perry So



“ If the WKCD can offer world class cultural infrastructure, then there will be no limits to the expression of these emotions that Hong Kong artists can create and share with the world! ”

Trey Lee

