

**LegCo Panel on Home Affairs and Panel on Development
Joint Subcommittee to Monitor the Implementation of
the West Kowloon Cultural District Project**

**Response to the letter from Hon Tanya Chan
dated 29 March 2012**

The West Kowloon Cultural District (WKCD) project will span over a decade, during which short-term changes in economic conditions and other relevant factors may affect the construction costs. The estimated project costs are subject to fluctuations for the following reasons:

- (a) external economic factors including construction cost escalation, investment returns and inflation rates;
- (b) phasing of the Core Arts and Cultural Facilities;
- (c) detailed design of individual arts and cultural facilities; and
- (d) costs of the integrated basement infrastructure and green features to be apportioned between the West Kowloon Cultural District Authority (the Authority) and the Government which will also depend on the detailed design of the basement infrastructure and green features.

2. The Authority is committed to adopting prudent financial management in the implementation of the project and ensuring that the existing resources are spent effectively through suitable phased development of facilities, innovative procurement modes, alternative revenue sources, cost-effective designs, etc. The Authority is prepared to look into alternative funding sources, including but not limited to donations and sponsorships.

3. The WKCD project is still at its planning stage, and the designs of various buildings are yet to be available. The Development Plan (DP) for WKCD was gazetted under the Town Planning Ordinance on 30 March 2012. The public can make representation in respect of the DP on or before 30 May 2012. The statutory planning process is targeted for completion in early March 2013. While we are aware that the current construction cost index is much higher than that in 2008 when the Government granted the one-off upfront endowment to the Authority, there are a lot of uncertainties

about the factors as stated in the first paragraph, and the entire statutory planning process is yet to complete. As such, it is considered too early to discuss the overall costs at this stage.

4. The Authority is preparing design competitions for several major facilities, so that construction works can commence upon the completion of the statutory planning process. The design competition for the first iconic facility, Xiqu Centre, was launched on 9 March 2012. More realistic cost estimates would only be available when the entire statutory planning process has been completed and the detailed designs of the basement infrastructure and green features are available. The Authority will continue to closely monitor the economic conditions in particular the construction tender prices, and the detailed financial position will be reported to LegCo and made known to the public when appropriate.

Home Affairs Bureau
April 2012