

For discussion on
3 July 2013

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

Financial Situation of and Arrangements for
the West Kowloon Cultural District Project

PURPOSE

This paper serves to inform Members of the latest financial situation of and the strategy and arrangements to be adopted to implement the West Kowloon Cultural District (WKCD) project in a timely and cost-effective manner.

BACKGROUND

Granting of an upfront endowment to the WKCDA

2. In July 2008, the Finance Committee (FC) of the Legislative Council (LegCo) approved an upfront endowment of \$21.6 billion (in 2008 Net Present Value (NPV)) for the West Kowloon Cultural District Authority (WKCDA) to implement the WKCD project. The broad cost breakdown set out in the paper seeking LegCo's approval (PWSC(2008-09)31) is as follows –

	in 2008 NPV	% share
Planning of WKCD and Project Management (costs to be incurred by the WKCDA)	\$1.3 billion	6%
Design and Construction of Various Facilities	\$15.7 billion	73%
Collection Costs and Related Costs for M+	\$1.7 billion	8%
Major Repair and Renovation of Various Facilities over the 50-year project period	\$2.9 billion	13%
Total	\$21.6 billion	100%

3. Members were advised that other communal and government facilities and related engineering works, such as roads, drainage, fire station, public pier, etc., which are designed to support the whole WKCD (including hotel, office and residential (HOR) developments) will be undertaken by the Government with funding to be sought from LegCo separately.

Development Plan for the WKCD

4. The WKCDA conducted a three-stage public engagement exercise from 2009 to 2011 to prepare a Development Plan (DP) for the WKCD. The WKCDA thoroughly analysed public comments and selected Foster + Partners' "City Park" conceptual plan in March 2011 as the preferred option for developing into a DP.

5. According to Foster + Partners' concept, the WKCD will feature a large waterfront park with traffic, parking and loading/unloading facilities put underground to free up at-grade space for arts and cultural use and to create a pedestrian-friendly district for public enjoyment. Integrated with arts and cultural facilities, the WKCD will include a mix of retail, dining and entertainment (RDE) facilities and HOR developments to enrich visitors' experience and bring vibrancy to the district. The RDE facilities will also help generate revenue to offset the operating deficits of the arts and cultural facilities. In response to demands from the public and the arts and cultural community, education facilities will feature in various arts and cultural facilities for arts education, professional development and audience building. It is envisaged that sustainability as well as information and communication technology initiatives will be implemented throughout the WKCD, making it a pioneer for similar initiatives in Hong Kong.

6. Following extensive public consultation and the statutory planning process, the DP for the WKCD at **Annex 1**, which is based on Foster + Partners' concept, was approved by the Chief Executive-in-Council in January 2013. The Administration is committed to developing the WKCD project in accordance with the DP.

FINANCIAL SITUATION OF THE WKCDA

7. The upfront endowment of \$21.6 billion for the WKCD project, less operating expenditure such as costs of planning and project management, programming costs, accommodation costs, staff costs, etc., and capital expenditure incurred in the past few years, has grown to \$23.6 billion as at March 2013 due to investment returns. An important part of the expenses incurred by the WKCDA so far include those which are essential to developing cultural software to prepare for the WKCD project, such as organising pre-opening programmes to enhance the awareness and capacity of the WKCDA, groom arts talents and build audiences. Some signature events like Bamboo Theatre, Mobile M+ and Freespace Fest as well as learning programmes and public seminars/forums have brought arts to the community and the community to the WKCD and serve as precursors of future activities of the WKCDA. The WKCDA is also conducting research and mapping out the mode of governance and business models of various facilities. These are important initiatives for the planning and development of the WKCD project on top of hardware development.

PROJECT COST ESTIMATES

8. Taking into account the additional features proposed in the Foster + Partners' design, including a large integrated basement, arts education facilities and green initiatives, which were not contemplated in the recommendations of the Consultative Committee on the Core Arts and Cultural Facilities of WKCD (CC case) but added in response to public demands, as well as the rise in construction costs¹ since the CC case, the WKCDA had made a ballpark estimate² of around \$47.1 billion in money-of-the-day (MOD) prices for the design and construction costs of all facilities. It should be noted that the ballpark estimate is not based on the actual design of individual core arts and cultural facilities (CACF) and without going through any value engineering for individual projects that could minimise the costs.

¹ The Building Works Tender Price Index (BWTPI) has gone from 751 in Q3 2006 to 1 516 in Q1 2013.

² The estimates were based on the ballpark figures in the Project Consultant's Technical Report No.6 prepared in September 2011 and further updates by the management of the WKCDA after obtaining the Quantity Surveyor's information for Xiqu Centre in November 2012.

Hence, this figure cannot be taken as the basis for determining the ultimate total capital cost of this project.

9. Given the scale of the WKCD project and views of stakeholders and the community in support of organic growth, the WKCD development would span over a long period of time, during which the actual construction costs would be subject to many factors such as changes in economic conditions, detailed design of the facilities, the development programmes and the mode of financing for individual projects. Any estimated total capital cost of the entire WKCD project at this stage would only be a projection based on a variety of assumptions. Past experience shows that, over a period spanning two decades, there could be changes of significant magnitude in the construction costs both upward and downward. A graph showing the cost trends in the construction industry in Hong Kong from 1991 to 2012 based on tender price indices (TPI) in the public and private sectors is at **Annex 2**. A graph showing material cost trends is at **Annex 3**. It can be seen that both the Government (Architectural Services Department (ArchSD)) and the private sector experienced a similar trend in TPI fluctuations in the past years, except that the magnitude of increase is higher in ArchSD's case. However, the rapid increase in TPI in the past years does not mean that there must be a continuous upsurge in TPI in future years. Depending on the economic situation worldwide, it is possible that the TPI may increase at a slower rate, like some of the material costs which show a flat or even a downward trend.

10. Only upon the finalisation of the detailed design of the facilities and confirmation of the construction programmes will it be possible to make more reliable cost estimations. The ballpark estimate of around \$47.1 billion is therefore no more than a mechanical update based on another set of assumptions of cost escalation; it is certainly not a revised budget to be adopted for the WKCD project.

APPROACH TO IMPLEMENT THE WKCD PROJECT

11. Despite the challenge presented by project cost escalation, the Administration and the WKCDA are committed to developing the WKCD into a world-class hub of arts and culture, and will adopt a pragmatic approach to develop facilities that are fit for purpose. The Administration has advised, and the Authority has accepted, that the project should be implemented according to the following principles –

- Rigorous cost containment of individual facilities to a level as close to the CC case as possible;
- Emphasis on content rather than form of these facilities; and
- Early delivery of the Park as well as some arts and cultural facilities for public enjoyment.

12. In view of the above, the WKCDA has undertaken/plans to take the following steps in implementing the WKCD project –

(A) Cost Containment

i) Value engineering for the Xiqu Centre

13. Following the completion of the Xiqu Centre Design Competition in December 2012, the budget approved by the Board of the WKCDA for developing the Xiqu Centre and related facilities was about \$2.7 billion (MOD) prices inclusive of fees as reported to the LegCo in April 2013. The WKCDA has been working closely with the selected design team based on the chosen design to map out the detailed design of the venue. This project budget includes the cost of building RDE facilities to provide recurrent revenue to support the operation of the arts and cultural facilities as well as arts education facilities and increased open space in response to the views of the public and the arts community.

14. In order to contain the total project cost including fees within the approved budget, the WKCDA has conducted rigorous value engineering exercises with a view to reducing the construction cost without compromising the overall functions and quality of the facility. As at mid-2013, the total estimated project cost for the Xiqu Centre is around \$2.5 – 2.6 billion (MOD prices) inclusive of fees for the design team. This has included savings in structure, theatre equipment and façade, optimisation of the use of floor spaces, reduction in the floor area of the RDE facilities and optimization of the basement car parking arrangement. A progress update on the Xiqu Centre project is set out in **Annex 4**. The WKCDA is committed to continuing the value engineering exercise in order to further reduce the project cost as far as practicable.

ii) Negotiation with the selected design team of M+ to lower project cost

15. Herzog & de Meuron + TFP Farrells (HdM) has been selected as the winning design team of M+, of which the conceptual design was considered by the Jury Panel as the best among the six submissions and came with the lowest estimated construction cost at \$5,413 million (MOD prices). The result of the competition was announced on 28 June 2013. The WKCDA has already started rigorous negotiations with HdM to further contain the cost to be incurred by the WKCDA to within a target budget of \$5 billion (MOD prices) inclusive of fees. Details of the winning design and design team are set out in **Annex 5**. The WKCDA will continue to work closely with the design team during the detailed design stage to explore various measures in reducing project cost wherever possible.

iii) Reassessment of the Mega Performance Venue and Exhibition Centre

16. The Mega Performance Venue and Exhibition Centre have previously been identified as venues subject to alternative funding arrangements. The WKCDA intends to explore the feasibility of having them wholly privately funded in the light of the WKCDA's financial condition and review the development of the two facilities, taking into account views of stakeholders, market demand, availability of interested private investors and Hong Kong's economic development etc. before deciding on the way forward.

(B) Putting emphasis on content over form

17. After having engaged world-class design teams for two major projects, namely Xiqu Centre and M+, and a design competition for emerging local architects and designers for the Arts Pavilion, consideration will be given to adopt a more functional and pragmatic approach in the design and construction of other facilities, putting emphasis on functionality and user requirements over design excellence of the buildings and delivering the facilities within a budget as close to that of the CC case as possible. In collaboration with stakeholders in the arts and cultural sector, the WKCDA will endeavour to develop programmes that promote excellence, innovation and diversity, to nurture local arts talents and arts-related personnel, and to build audiences for an arts and cultural district that will propel Hong Kong onto the international stage.

(C) Early delivery of the Park and other cultural facilities

18. The WKCDA is exploring creative ways to deliver the Park and related facilities in a cost effective manner, and as soon as practicable. Following a critical review of the Park development, the WKCDA is exploring the alternative to turn the fully landscaped Park into quality open space with a cluster of modular arts and cultural facilities and “pop-up” catering facilities, which could be delivered in much compressed programmes, for early enjoyment by the public and the arts community.

19. Apart from the Arts Pavilion which will cater for small-scale events and exhibitions, a blackbox for Freespace style contemporary multi-disciplinary performances and an acoustic shell are planned in the Park to provide much-needed performing space for artists and arts groups. These proposed venues which adopt simpler designs and require shorter construction periods could also shorten the closure of the designated area of the Park. More details are set out in **Annex 6**.

20. After receiving a proposal from a consortium for a modular theatre of 1 650 seats for staging musical shows³, the WKCDA is

³ An example of such modular structure is the International Broadcast Centre at the London 2012 Olympic Games.

exploring the possibility to construct a modular theatre of about 1 200 to 1 500 seats, which can provide a venue of reasonable quality for music, dance and theatrical performances at a lower budget and within a shorter timeframe. The main structure of the modular theatre is made up of prefabricated units to enable the building to be constructed quickly and have the flexibility to be moved around in different parts of the WKCD at different stages of development depending on site availability. The WKCD plans to invite Expression of Interests shortly to kick start the process. In the light of site conditions and to turn the Park into a vibrant centre of activities, the modular theatre may first be located in the Park, and be moved to another suitable location in the WKCD later.

(D) Exploring alternative sources of funding

21. In addition to rigorous cost containment, the WKCD will proactively explore alternative sources of funding such as donation and sponsorship, including fundraising through granting of naming rights of certain facilities/parts of facilities. The WKCD will map out an action plan to raise funds and encourage philanthropic efforts to create a sense of ownership for the WKCD in the community and to foster a culture to support arts and culture.

PUBLIC INFRASTRUCTURE

22. As mentioned in paragraph 3, the Administration would have to undertake and fund communal and government facilities and related engineering works. In January 2013, LegCo Finance Committee approved funding of \$478 million (MOD prices) for the design and site investigation of public infrastructure works for supporting Phase 1 of the WKCD project. To dovetail with the WKCD development, the Administration has proceeded with the design and site investigation works.

23. The integrated basement proposed by Foster + Partners is an integral part of the DP, and an essential design feature to meet the statutory minimum requirement for 23 hectares of public open space as specified in the South West Kowloon Outline Zoning Plan (OZP)⁴.

⁴ All the three Conceptual Plans for the WKCD project feature a basement design.

Acknowledging that this integrated basement was not covered in the CC case, and is one of the major factors for the project cost escalation, the Administration is prepared to fully fund the capital works of the main integrated basement as general enabling works to facilitate the development of the whole WKCD project, subject to funding approval by the LegCo.

24. As there will be complicated technical and architectural interfacing issues in the design and construction as well as management, operation and maintenance of different types of facilities, viz. public infrastructure works (including public roads, water supply system, sewage system etc.), WKCDA facilities and facilities for the topside HOR developments, the Administration is also prepared to invite Development Bureau/Civil Engineering and Development Department to take up the implementation of the capital works of the integrated basement, subject to availability of staffing resources. This will allow the WKCDA to focus on delivering the arts and cultural facilities.

25. Separate funding application on the public infrastructure, including the capital costs and funding for the project team of the basement, will be made to LegCo.

IMPLEMENTATION PROGRAMME

26. In light of the latest approach to deliver the CACF and the Park, it is envisaged that the WKCDA will be able to deliver at least five facilities in the first batch, namely Xiqu Centre, M+, eastern portion of the Park facing the waterfront (including the Arts Pavilion), Freespace (a blackbox and an outdoor stage in the form of an acoustic shell) and one modular performance venue. The second batch of the facilities would be those located above the respective west and east ends of the integrated basement, which have the opportunity to be constructed ahead of the remaining part of the integrated basement. These could be Lyric Theatre, Medium Theatre I, Centre for Contemporary Performance and some resident company facilities that are strongly demanded by the performing arts groups. The third batch will be the remaining venues which can only be built after the completion of the integrated basement, currently estimated to be

2020. The portion for Design and Construction Costs of the WKCDA's Facilities of the endowment granted in 2008 (\$15.7 billion) plus the associated investment return (\$2.1 billion) amounts to \$17.8 billion. While \$9 billion has been reserved for the five facilities in the first batch, around \$8.8 billion remaining will be shared by the facilities in the second and third batches. The WKCDA will consult relevant stakeholders on the implementation programme and review in due course the need to seek additional funding in light of any changes in circumstances and the WKCDA's continued effort on cost containment. The WKCDA will report to LegCo its financial situation and progress of the project at suitable junctures.

INCREASING THE PLOT RATIO OF THE WKCD SITE

27. Apart from the above measures, the WKCDA is considering to apply for minor relaxation of the gross floor area (GFA) and/or building height restrictions under section 16 of the Town Planning Ordinance in order to optimise the development potential of the WKCD site. Possible uses of the additional GFA thus generated include building more RDE facilities to increase the recurrent revenue of the WKCDA or some of the revenue stream could be capitalised to subsidise the capital cost and providing facilities demanded by the arts sector, for instance, affordable serviced apartments for visiting artists.

28. By way of background, based on the draft South West Kowloon OZP gazetted in June 2011, developments within the WKCD site are subject to a maximum plot ratio of 1.81 and maximum building heights ranging from 50 to 100 metres above Principal Datum. The DP for the WKCD prepared by the WKCDA has complied with the development parameters as specified in the South West Kowloon OZP. Under the DP, development control for each sub-zone is stipulated in terms of maximum GFA and building height restrictions.

29. Major delay to the implementation timetable of the WKCD project is not envisaged as only minor relaxation of GFA/building height restrictions under section 16 of the Town Planning Ordinance is proposed. If the proposal is to proceed, the WKCDA will conduct traffic impact assessment and environmental review to ascertain that

the proposal will not generate unacceptable impacts to the surrounding areas.

NEXT STEPS

30. The management of the WKCDA will conduct necessary studies, flesh out details of the measures outlined above and consult the relevant stakeholders as appropriate. Apart from exercising stringent control of project costs through various means without compromising the functions and quality of the WKCD facilities, the WKCDA will continue to rigorously control non-capital expenditure. The WKCDA will also proactively explore alternative sources of funding, such as donations and sponsorships through naming rights, etc..

31. At this stage, the Administration and the WKCDA do not plan to seek additional funding from the LegCo to supplement the original upfront endowment.

DISCUSSION

32. Members are invited to note and provide comments on the financial situation of and the strategy and arrangements for the project.

**Home Affairs Bureau
West Kowloon Cultural District Authority
July 2013**

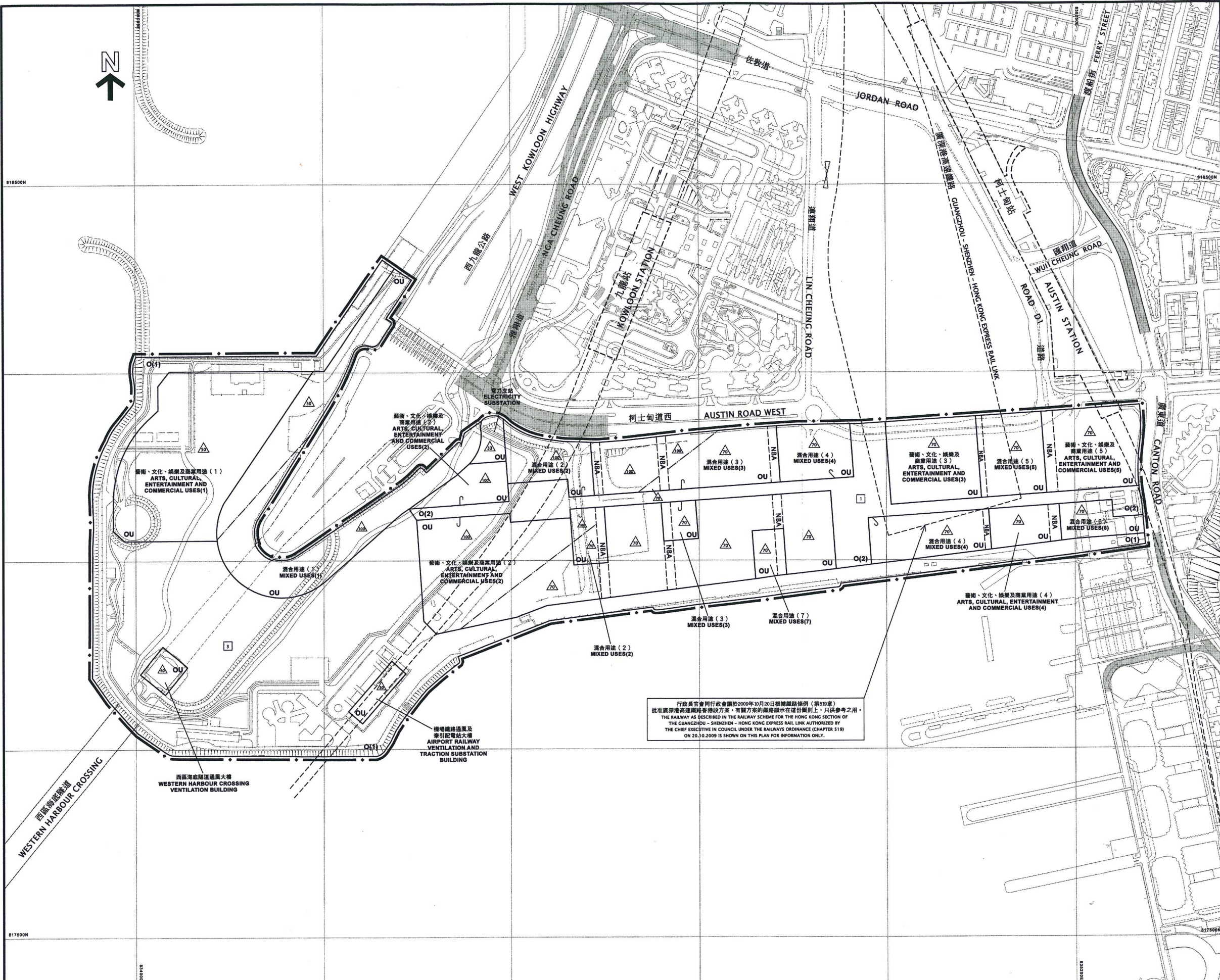
圖例
NOTATION

ZONES		地帶
OPEN SPACE		休憩用地
OTHER SPECIFIED USES		其他指定用途
COMMUNICATIONS		交通
RAILWAY AND STATION (UNDERGROUND)		鐵路及車站 (地下)
ELEVATED ROAD		高架道路
MISCELLANEOUS		其他
BOUNDARY OF PLANNING SCHEME		規劃範圍界線
BUILDING HEIGHT CONTROL ZONE BOUNDARY		建築物高度管制區界線
MAXIMUM BUILDING HEIGHT (IN METRES ABOVE PRINCIPAL DATUM)		最高建築物高度 (在主水平基準上若干米)
MAXIMUM BUILDING HEIGHT (IN NUMBER OF STOREYS)		最高建築物高度 (樓層數目)
NON-BUILDING AREA		非建築用地

土地用途及面積一覽表
SCHEDULE OF USES AND AREAS

USES	大約面積及百分比 APPROXIMATE AREA & %		用途
	公頃 HECTARES	% 百分比	
OPEN SPACE	17.23	42.12	休憩用地
OTHER SPECIFIED USES	23.68	57.88	其他指定用途
TOTAL PLANNING SCHEME AREA	40.91	100.00	規劃範圍總面積

夾附的《註釋》屬這份圖則的一部分
THE ATTACHED NOTES ALSO FORM PART OF THIS PLAN



行政長官會同行政會議於2009年10月20日根據鐵路條例 (第519章) 批准廣深港高速鐵路香港段方案, 有關方案的鐵路顯示在圖則上, 只供參考之用。
THE RAILWAY AS DESCRIBED IN THE RAILWAY SCHEME FOR THE HONG KONG SECTION OF THE GUANGZHOU - SHENZHEN - HONG KONG EXPRESS RAIL LINK AUTHORIZED BY THE CHIEF EXECUTIVE IN COUNCIL UNDER THE RAILWAYS ORDINANCE (CHAPTER 519) ON 20.10.2009 IS SHOWN ON THIS PLAN FOR INFORMATION ONLY.

行政長官會同行政會議於2013年1月8日 根據城市
規劃條例第9(1)(a)條核准的圖則
APPROVED BY THE CHIEF EXECUTIVE IN COUNCIL UNDER
SECTION 9(1)(a) OF THE TOWN PLANNING ORDINANCE ON
8 JANUARY 2013

Ms Kinnie WONG 黃潔怡女士
CLERK TO THE EXECUTIVE COUNCIL 行政會議秘書

香港城市規劃委員會根據城市規劃條例擬備的西九文化區發展圖則
TOWN PLANNING ORDINANCE, HONG KONG TOWN PLANNING BOARD
WEST KOWLOON CULTURAL DISTRICT DEVELOPMENT PLAN

SCALE 1:2 500 比例尺



依據西九文化區管理局條例第21(2)(a)條擬備
PREPARED UNDER SECTION 21(2)(a) OF THE
WEST KOWLOON CULTURAL DISTRICT AUTHORITY ORDINANCE

圖則編號
PLAN No. S/K20/WKCD/2

Extract from Rider Levett Bucknall's
Quarterly Construction Cost Update - Hong Kong Report
(March 2013)

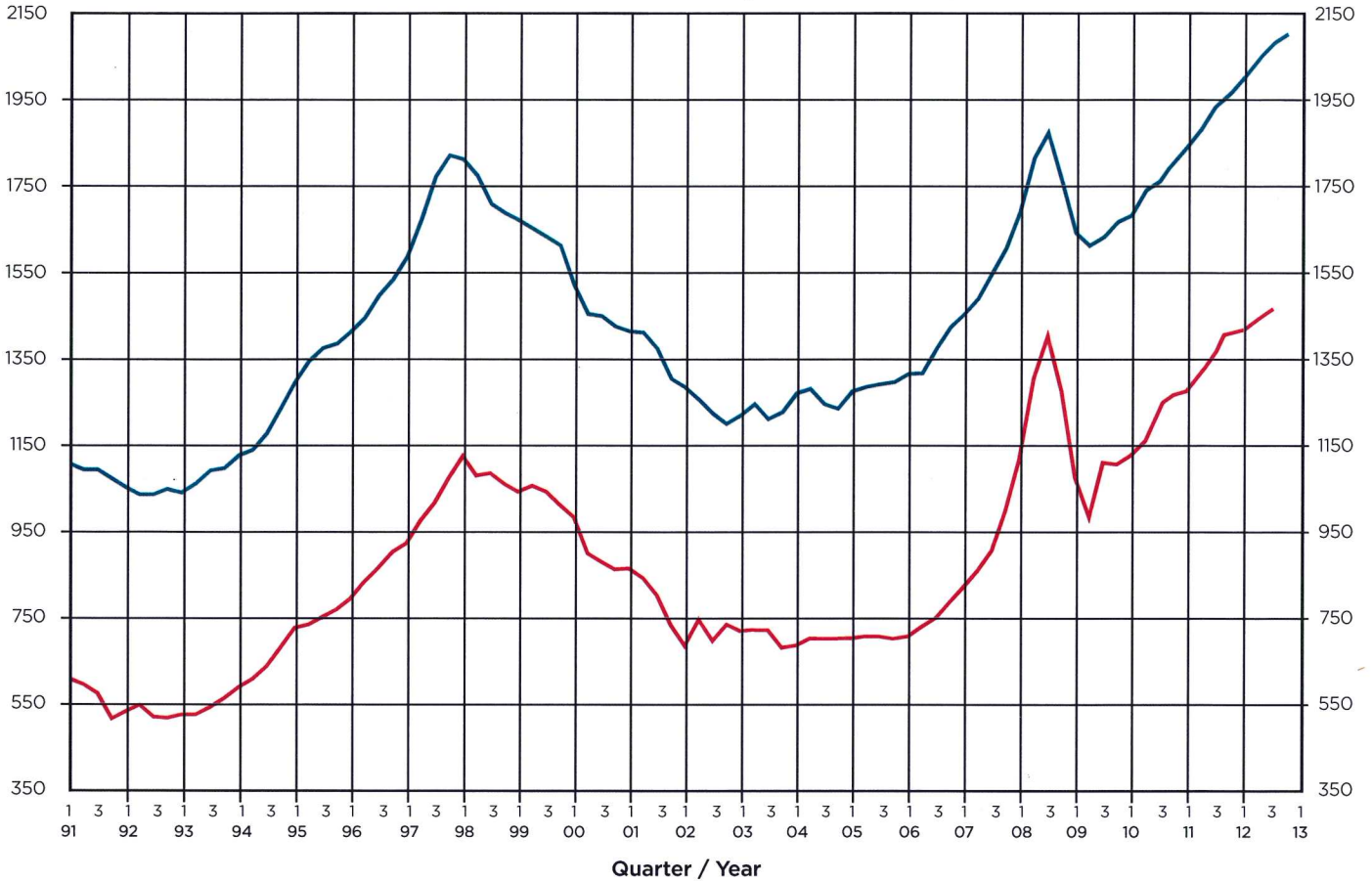
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Price Indices in Hong Kong

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TENDER PRICE INDICES IN HONG KONG

RLB = Rider Levett Bucknall (Private Sector)
ASD = Architectural Services Department (Public Sector)



Graph showing cost trends in the construction industry in Hong Kong based on Tender Prices for Builder's Works

TENDER PRICE INDICES

Quarter	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD		
	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
1		104	160	100	210	140	238	144	258	160	345	206	275	145	221	150	270	164	320	203	460	262		
2		112	173	106	222	143	236	146	275	167	345	213	258	145	238	153	270	174	350	208	500	285		
3		130	185	124	230	144	238	158	300	190	318	203	243	137	255	153	273	185	380	230	535	304		
4	100	148	198	131	238	143	245	158	325	199	290	191	228	140	263	149	300	201	420	238	550	329		
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991												
1	570	347	620	389	630	364	560	298	570	328	560	326	605	376	665	385	785	479	960	542	1020	574	1090	608
2	570	353	620	393	620	370	560	298	570	332	555	335	615	392	690	403	820	510	960	548	1030	561	1075	592
3	600	369	630	375	600	342	540	317	570	323	565	344	630	373	700	411	865	521	985	552	1045	582	1075	573
4	610	381	630	376	580	327	560	326	560	337	585	351	655	380	740	438	925	541	1000	559	1080	596	1055	515
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003												
1	1035	531	1025	527	1100	586	1280	708	1400	772	1575	902	1800	1103	1660	1024	1510	959	1400	862	1270	687	1205	720
2	1020	548	1045	527	1125	594	1330	712	1430	813	1660	953	1765	1054	1640	1031	1440	873	1390	842	1240	742	1230	723
3	1020	519	1075	541	1160	615	1360	733	1485	848	1760	996	1695	1065	1620	1025	1435	858	1360	807	1210	692	1195	722
4	1030	518	1080	563	1220	666	1370	747	1520	885	1810	1051	1675	1034	1600	989	1410	844	1290	721	1185	733	1210	681
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015												
1	1255	685	1260	711	1300	714	1440	821	1680	1118	1630	1074	1670	1134	1840	1273	1995	1414						
2	1265	712	1270	716	1310	730	1475	859	1810	1305	1605	983	1730	1161	1870	1320	2045	1438						
3	1230	704	1275	718	1360	751	1535	906	1865	1401	1620	1111	1750	1249	1925	1369	2075	1467						
4	1220	701	1280	697	1410	789	1595	998	1750	1262	1655	1107	1785	1266	1955	1408	2100							

Extract from Rider Levett Bucknall's
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(March 2013)

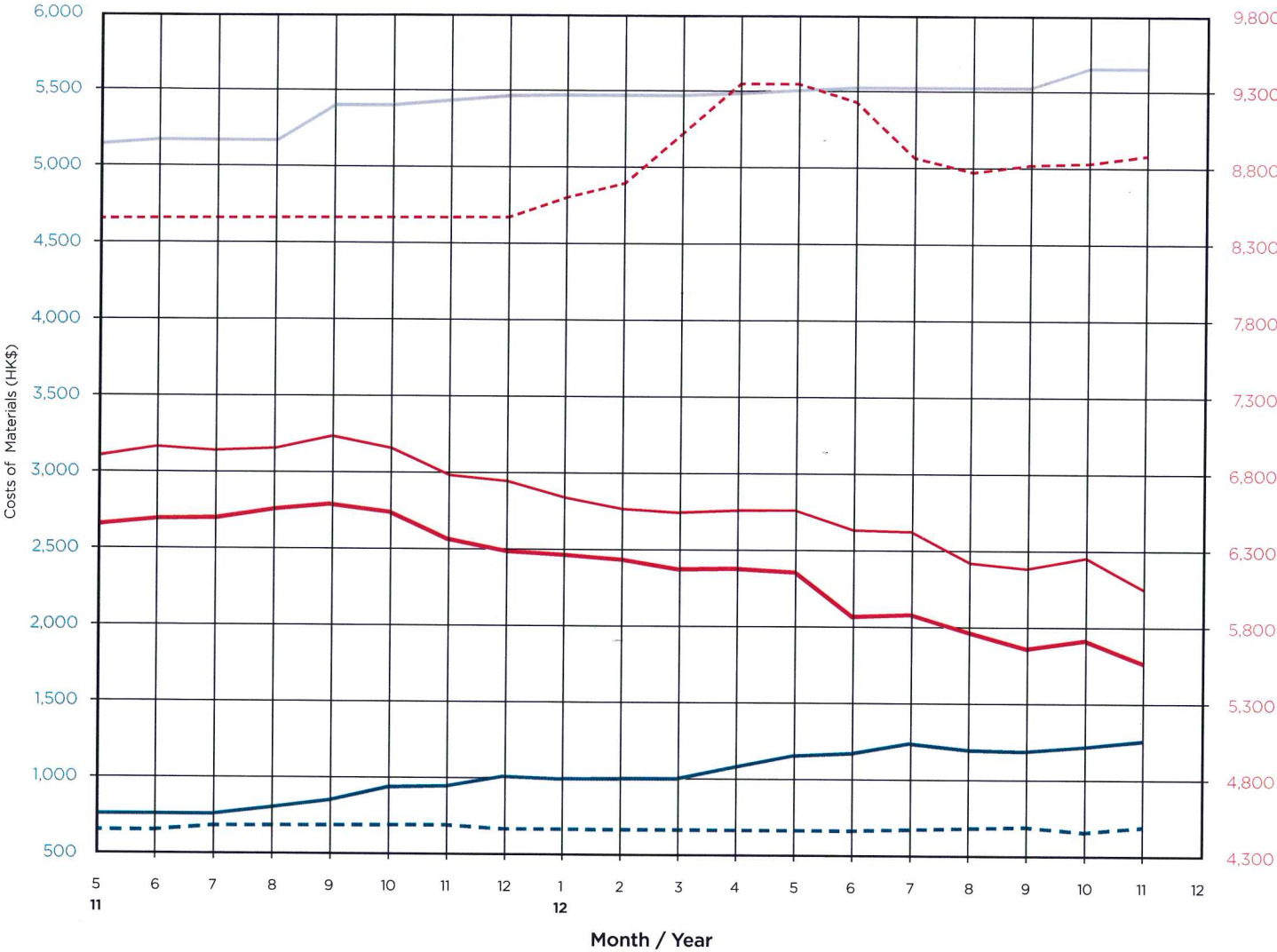
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Material Cost Trends

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MATERIAL COST TRENDS

AVERAGE WHOLESALE PRICES OF SELECTED BUILDING MATERIALS



Average Wholesale Prices of Selected Building Materials																			
Building Materials	2011												2012						
	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11
Sand (\$/10 t)	760	760	760	800	840	930	940	1,010	990	1,000	1,000	1,080	1,150	1,170	1,230	1,190	1,210	1,210	1,240
Bitumen (\$/t)	8,450	8,450	8,450	8,450	8,450	8,450	8,450	8,483	8,600	8,700	9,120	9,330	9,330	9,230	8,863	8,780	8,813	8,830	8,880
Portland Cement (\$/t)	656	658	677	677	677	678	678	677	681	683	685	685	685	684	692	698	698	695	699
Sawn Hardwood 50x75 (\$/m ³)	5,153	5,171	5,171	5,171	5,406	5,406	5,441	5,470	5,476	5,476	5,476	5,499	5,499	5,511	5,511	5,511	5,654	5,654	5,654
Mild Steel Round Bars (\$/t)	6,909	6,958	6,935	6,948	7,021	6,955	6,781	6,747	6,630	6,577	6,550	6,560	6,557	6,443	6,433	6,227	6,190	6,245	6,060
High Tensile Steel Bars (\$/t)	6,431	6,482	6,489	6,555	6,595	6,571	6,361	6,288	6,268	6,219	6,183	6,189	6,174	5,865	5,883	5,761	5,667	5,712	5,563

(Source: Census and Statistics Department, HKSAR Government)

Progress Update on the Xiqu Centre Project

Following the completion of the Xiqu Centre Design Competition in December 2012, the winning design team, Bing Thom Architects + Ronald Lu & Partners Company Ltd. (BTA+RLP) has been appointed as the consultant architect for the Xiqu Centre project. Images of the winning design are attached. BTA+RLP is now working on the detailed design and has already initiated the statutory building plan submission process. Stakeholders from the Xiqu sector have been consulted in refining the design.

2. The project scope of the Xiqu Centre consists of:

- Main Theatre (1,100-seat);
- Tea House;
- Arts Education Facilities;
- Rehearsal and Production Spaces;
- Retail/dining/entertainment (RDE) facilities;
- Public Open Spaces; and
- Associated facilities such as loading and unloading facilities and car parking.

3. During the course of the design development, a series of value engineering exercises have been carried out for cost saving purpose. The following principal adjustments were proposed as they contributed to cost reduction without affecting the functionality of the facility:

- Reduction of retail/dining/entertainment area;
- Reduction of number of car parking spaces;
- Omission of water features and roof top solar panel;
- Revision of structural system to achieve a more economical structural design; and
- Revisions of theatre equipment, facade and roof features, building services installations and finishes.

4. The West Kowloon Cultural District Authority will soon award the contract for foundation works for the Xiqu Centre. The project is making good progress and is anticipated to complete by 2016.



View from Canton Road



View inside Atrium



View inside Main Theatre



View from the Stage of Main Theatre

Details of the Winning Design and Design Team of M+ Design Competition

Situated on the waterfront of the Victoria Harbour at the edge of the 14-hectare Park, M+ will be one of the first batch of arts and cultural venues to be completed in the West Kowloon Cultural District (WKCD). The physical design of M+ will be shaped around the museum's core values. Principally it will be a museum for the Hong Kong people, firmly rooted in the location and its unique culture, which provides a Hong Kong perspective, with a global vision, expanding to other regions of China, Asia and the rest of the world. M+ will provide space for artists to meet, exhibit and experiment as well as housing a world-class permanent visual culture collection.

2. Facilities will include ample spaces for exhibition, conservation and storage, an education centre, an archive library and bookstore, theatres and screen facilities, art studios and outdoor green spaces, subject to the future detailed design.

3. The winning design team of the M+ Design Competition, Herzog & de Meuron + TFP Farrells, is a partnership of two leading architectural practices in the world and in Hong Kong. The lead architectural firm, Herzog & de Meuron (HdM) is an international architecture practice established in 1978 and now led by Jacques Herzog, Pierre de Meuron and others. Its main headquarters is in Basel, Switzerland with satellite offices in Hong Kong, New York, London, Madrid and Hamburg.

4. HdM has been awarded numerous prizes including "The Pritzker Architecture Prize" (USA) in 2001, the "RIBA Royal Gold Medal" (UK) and the "Praemium Imperiale" (Japan), both in 2007. Their design projects range from a private home to a large scale urban design. Some of their highly recognized public projects include the "Bird's Nest" National Stadium (Beijing), Schaulager, Laurenz Foundation (Basel/Munchenstein), the de Young Museum (San Francisco) and the current expansion of the Tate Modern Project (London).

5. The design was selected unanimously by an international Jury Panel of the M+ Design Competition. The Jury Panel commented that the winning design has the merits of a memorable design that draws its raw power from simplicity and clarity of its "parti", and is the most cost effective amongst all six submitted designs. Images of the winning design are attached.



Exterior from the Park



Night view from Victoria Harbour



Day view from Victoria Harbour



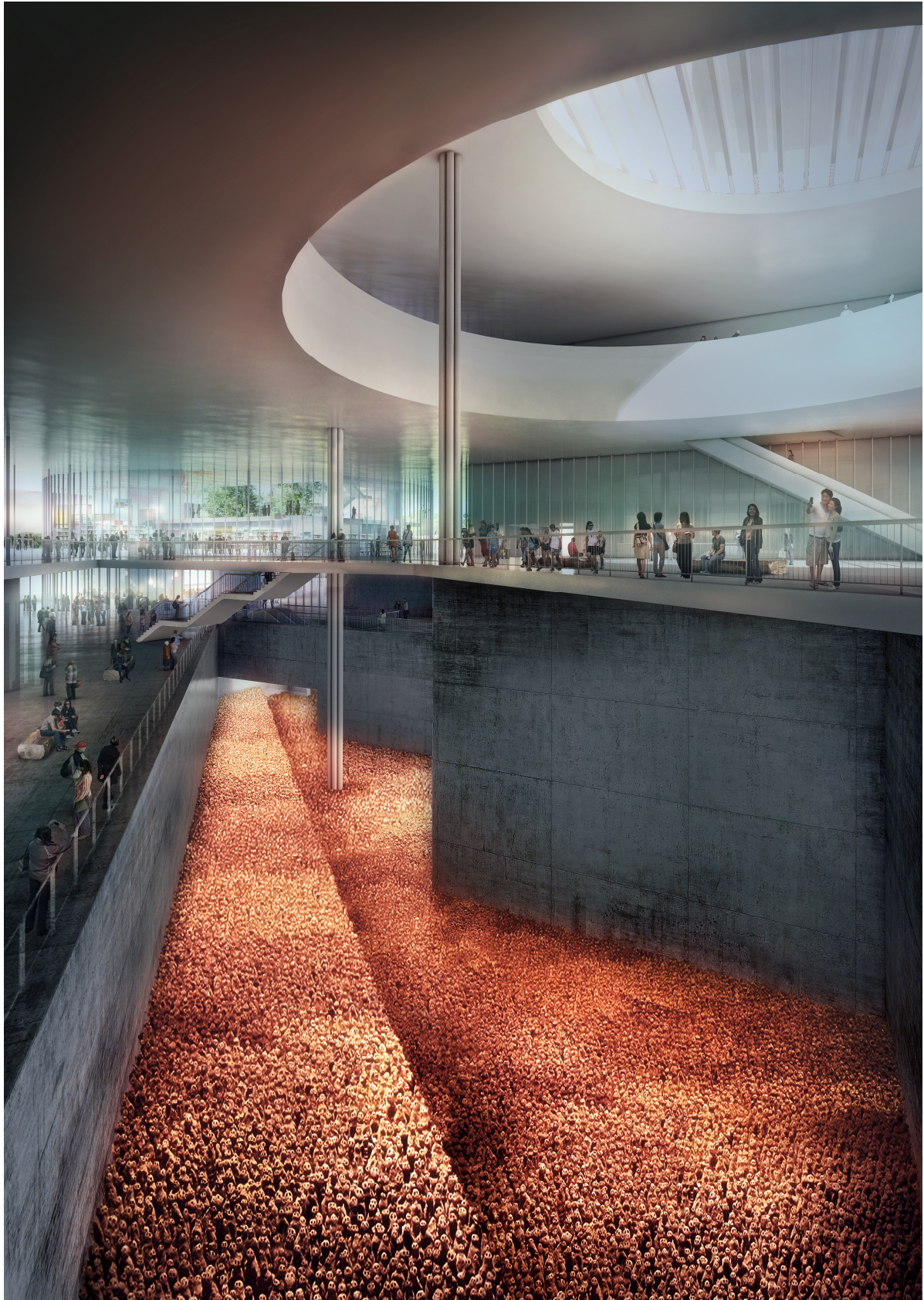
Exterior from Artist Square



Interior Display Spaces



Interior Display Spaces



Main Lobby

Alternative Park Development

As developed from Foster + Partners' conceptual plan, the scope of the Park (Phase I) development with a site area of about 75 000 sqm would comprise the following major facilities:

- Arts Pavilion;
- Freespace (made up of a Music Box and a theatre);
- Amphitheatre;
- Retail/dining/entertainment (RDE) facilities;
- Cycling track/Path/Bicycle rental point/Supporting facilities;
- Waterfront promenade and walks;
- Marine steps and landings; and
- Other recreational and leisure facilities.

2. At the Board meeting held on 29 November 2012, the ballpark project cost allowed for developing the Park (Phase I) was \$1,865M in money-of-the-day prices (MOD) including fees, etc. The procurement of the Design Consultancy of the Park commenced in July 2012 for shortlisting of design consultants, and, in parallel, the procurement of Project Management Consultancy commenced in October 2012.

3. At the Development Committee (DC) meeting held on 23 May 2013, DC endorsed the recommendation to adopt an alternative approach to develop the Park as a quality open space with a simple design, and to suspend the procurement of the Park Design Consultancy and Project Management Consultancy. The WKCDA would expedite the development of the Park in the revised approach based on a reduced budget of \$1.0B (MOD) including fees, etc. and procure a design consultancy for this if necessary.

4. The tentative principal facilities to be accommodated in the Park are as follows:

- Arts Pavilion;
- A blackbox for Freespace Style contemporary multi-disciplinary performances;
- Outdoor Stage in the form of an Acoustic Shell;
- A modular theatre of about 1 200 - 1 500 seats (the cost of which

is not included in the project budget of \$1.0B (MOD) of the Park mentioned above);

- RDE facilities;
- Cycling tracks and bicycle rental point;
- Waterfront promenade and walks;
- Marine landing facilities; and
- Other recreational and leisure facilities.

5. A concept design competition for the Arts Pavilion will be held separately.