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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 28 March 2014**

Development of Xiqu Centre

Purpose

This paper provides background information and summarizes the major views and concerns of members of the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee") on the development of Xiqu Centre in the West Kowloon Cultural District ("WKCD").

Background

2. The Xiqu Centre, located on a site of 13 800 square metres on the corner of Canton Road and Austin Road West at the eastern edge of WKCD, will be the first core arts and cultural facility ("CACF") to be opened in WKCD. Following the completion of the Xiqu Centre Design Competition in December 2012, the winning team Bing Thom Architects and Ronald Lu & Partners Company Limited has been appointed as the design consultant for the Xiqu Centre project.

3. The seven-storey Xiqu Centre will provide more than 23 700 square metres of gross floor area ("GFA"). The project scope of Xiqu Centre consists of a 1 100-seat main theatre; a tea house with a performance stage; rehearsal

and production spaces; 2 000 square metres of arts education facilities; retail, dining and entertainment ("RDE") facilities; public open spaces as well as associated facilities such as car parking. The tender out date for the main contract is scheduled for the first/second quarter of 2014 with target completion in 2016.

Members' views and concerns

4. Issues relating to the development of Xiqu Centre were discussed at various meetings of the Joint Subcommittee between February and November 2013. Members' major views and concerns are highlighted in the ensuing paragraphs.

Project cost

5. When the Joint Subcommittee was briefed on the process and result of the Xiqu Centre Design Competition at its meeting on 25 February 2013, members noted with grave concern that the estimated cost for Xiqu Centre (Phase 1) and related facilities based on the chosen design stood at \$2.7 billion in money-of-the-day ("MOD") prices, which was more than double the cost estimate for the relevant parts of Xiqu Centre in 2006. They requested the Administration and the West Kowloon Cultural District Authority ("WKCD") to provide detailed explanations for the substantial increase in the estimated project cost.

6. As explained by the Administration and WKCD, the original project estimate for Xiqu Centre was \$1.3 billion (MOD prices) according to the recommendations of the Consultative Committee on CACFs of WKCD ("CC Case"), comprising both Phase 1 and Phase 2 of Xiqu Centre but without any design details for the project. The present estimate of \$2.7 billion (MOD prices) was based on the current scope of Xiqu Centre (Phase 1), which included additional accommodation in response to public views that was not covered in the original scope in 2006, such as arts education facilities and increased open space. In addition, RDE facilities and open space which had been included in the overall WKCD project in the CC case but outside the scope of the original budget of \$1.3 billion for Xiqu Centre were also included in the current design and corresponding \$2.7 billion budget. In the view of the Administration and WKCD, construction cost escalation was the major factor leading to the substantial increase in the project estimate, as evidenced by the

upsurge of the Government's Building Works Tender Price Index from 751 in the third quarter of 2006 to 1467 in the third quarter of 2012 (increase by 95.3%).

Cost containment measures

7. Members considered it important that WKCDA should adopt a prudent financial approach in implementing the WKCD project and strive to contain the costs of developing the various facilities. Members also urged the Administration to enhance its role in monitoring the expenditure of the WKCD project.

8. The Administration responded that it was fully aware of its monitoring role and would request WKCDA to make every effort to adhere to the target budget of \$2.7 billion for Xiqu Centre (Phase 1) and, where practicable, seek to further reduce the project cost. At the meeting of the Joint Subcommittee on 29 November 2013, members were advised that rigorous value engineering exercises were conducted with the aim of producing a cost-effective design and reducing the total project budget by up to \$100 million. The main areas of savings were attributable to design optimization in structure and façade, efficiency in floor space usage, reduction in the floor area of RDE facilities and optimization of the basement car parking arrangement. WKCDA assured members that it would continue the value engineering exercises to further reduce the project cost as far as practicable without compromising the overall functions and quality of the facility.

9. Some members queried why WKCDA, on the one hand, planned to reduce the floor area of the RDE facilities in Xiqu Centre as part of its cost-saving efforts, but, on the other hand, applied for minor relaxation of the total GFA restriction on the WKCD site to generate additional GFA for various uses including RDE facilities. Concern was raised that the reduction of RDE area in Xiqu Centre would have the effect of reducing the rental proceeds thus generated, which was a major source of recurrent income for WKCDA to meet the operating costs of facilities in WKCD.

10. The Administration and WKCDA clarified that a reduction of the floor area of the RDE facilities in Xiqu Centre was proposed having regard to the design of Xiqu Centre with an atrium and the advice of retail experts, with the aim of enhancing the overall efficiency of the provision of RDE facilities in WKCD. In the view of WKCDA, there was no inherent contradiction between

the proposed reduction of the floor area of RDE facilities in Xiqu Centre and the proposed minor relaxation of the total GFA restriction on the WKCD site, as the former proposal sought to reduce a small amount of less efficient RDE area in a specific facility in WKCD, whereas the latter proposal aimed to increase the overall provision of the floor area for various uses, including RDE facilities, across the WKCD site.

Design and facilities of Xiqu Centre

11. In response to Hon Christopher CHUNG's view that the design of Xiqu Centre appeared to be lacking in traditional Xiqu elements, WKCDA advised the Joint Subcommittee that the current design of Xiqu Centre, including that of the facilities to be provided therein, was the outcome of extensive consultation with the local xiqu community. Eminent representatives of the xiqu community had been engaged as members of the Jury Panel for the Xiqu Centre Design Competition and the local xiqu community had specifically requested that a more modern design should be adopted for Xiqu Centre so as to enhance the appeal of xiqu to the younger generation.

12. Dr Hon CHIANG Lai-wan enquired whether WKCDA would consider increasing the seating capacity of the main theatre of Xiqu Centre, which was currently set at 1 100. According to WKCDA, Xiqu Centre was planned to include a 1 100-seat main theatre and a 400-seat small theatre. The seating capacity of the main theatre was proposed with reference to that of other Cantonese opera performance venues in Hong Kong (e.g. the Sunbeam Theatre), and was considered ideal by the local xiqu community. Given that a 600-seat medium-sized theatre for Cantonese opera performances would be provided at the Ko Shan Theatre New Wing which was scheduled to open in 2014, WKCDA planned to develop the small theatre of Xiqu Centre in its second phase of development.

13. Concern was also expressed whether only the RDE facilities in the first and second floors of Xiqu Centre would be provided with air-conditioning as alleged in media reports, and if so, whether the lack of air-conditioning in the atrium would render it unsuitable for public enjoyment in the summer. WKCDA advised that the provision of public space was an important component in the design of Xiqu Centre and the design team did not envisage any problems with the provision of appropriate ventilation and air-conditioning in the facility.

Mode of governance

14. In response to members' enquiry about the future mode of governance of Xiqu Centre, including whether an artistic accountability system would be implemented, WKCDA advised the Joint Subcommittee that it would review and make reference to other practices and experiences, and recommend suitable modes of governance and business models for each performing arts facility in WKCD that actively supported its artistic vision. At the meeting of the Joint Subcommittee on 29 November 2013, members noted that the Xiqu Centre Advisory Group comprising experts and stakeholders in the field was formed in September 2013 to give advice to the WKCDA on the development of artistic direction; artistic planning; as well as the establishment of the governance structure, management structure and partnership arrangements for Xiqu Centre.

Latest Development

15. The Administration and WKCDA will update the Joint Subcommittee on the progress of the Xiqu Centre building project as well as the artistic positioning and mode of governance of Xiqu Centre at its meeting on 28 March 2014.

Relevant papers

16. A list of the relevant papers on the Legislative Council Website is in the **Appendix**.

Appendix

Relevant papers on Development of Xiqu Centre

Committee	Date of meeting	Paper
Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project	25.2.2013 Item III	Agenda Minutes
	8.4.2013 Item II	Agenda Minutes
	3.7.2013 Item II	Agenda Minutes
	29.11.2013 Item III	Agenda Minutes

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