

For discussion on
12 January 2015

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

Progress Update on Implementation of the West Kowloon
Cultural District Integrated Basement

PURPOSE

This paper serves to update Members on the progress of implementation of the integrated basement for the West Kowloon Cultural District (WKCD), the timeline for the relevant funding applications, as well as the alternative funding arrangement for the first stage of design and advance works of the integrated basement.

BACKGROUND

2. The WKCD Authority (WKCDA) selected the Conceptual Plan prepared by Foster + Partners (F+P) in March 2011 as the preferred option for developing into a Development Plan (DP) for the WKCD. The DP, based on the F+P's concept, was approved by the Chief Executive-in-Council in January 2013.

3. The integrated basement proposed by F+P is an integral part of the DP, and an essential feature to meet the statutory minimum requirement of 23 hectares of public open space as specified in the South West Kowloon Outline Zoning Plan. It will enable traffic to be put underground to free up the site for cultural use and public enjoyment and for enhancing the walking environment at-grade. Acknowledging that the integrated basement was not covered in the scope of the one-off upfront endowment granted to WKCDA in 2008, the Government announced in June 2013 that it would fully fund the capital works of the main integrated basement as general enabling works to facilitate the development of the whole WKCD project. This would allow the WKCDA to focus on delivering the arts and cultural facilities.

4. At the Joint Subcommittee to Monitor the Implementation of the WKCD Project (Joint Subcommittee) meeting held on 28 May

2014, the Government together with WKCDA informed Members that a phased approach would be adopted in implementing the integrated basement for the WKCD, having regard to the latest phased implementation plan of the WKCD venues and site availability (see **Annex A** on the target completion dates of the WKCD venues). A tentative schedule for submitting funding applications to the Legislative Council (LegCo) in the coming years up to 2017 had also been presented at the meeting. Amongst others, we sought Members' support for the funding application for the first stage of design and advance works of the integrated basement¹ covering –

- (i) construction of foundation works for the underground road and for the protection works for the existing Airport Express tunnels in Zone 3A of the integrated basement; and
- (ii) design of essential basement structures and associated works for Zone 3B of the integrated basement.

Members did not raise objection to the proposed way forward including the first stage funding application.

5. In June 2014, the Government applied to the Public Works Subcommittee (PWSC) for upgrading part of the Public Works Programme (PWP) Item 763CL², entitled “Integrated Basement for West Kowloon Cultural District – first stage of design and advance works”, to Category A at an estimated cost of \$304.5 million in money-of-the-day (MOD) prices. The funding application, which was originally scheduled for discussion at the PWSC meeting in mid-2014, is still awaiting consideration by the PWSC as at the end of December 2014.

6. At the Joint Subcommittee meeting held on 24 November 2014, Members raised concern about the impact of the delay in securing the Finance Committee's (FC's) funding approval for the first stage of design and advance works, as well as the potential delay in obtaining FC's approval for the second stage funding application which was tentatively scheduled for submission to the PWSC in mid-2015.

¹ The major WKCD facilities to be/being developed in Zone 3A and Zone 3B (the Artist Square Development Area) are, respectively, M+ and the Lyric Theatre.

² Item 763CL is the parent item for the main integrated basement and associated public infrastructure works covering the design for Zones 2A, 2B, 2C and 3B as well as the construction for Zones 2A, 2B, 3A and 3B. The first stage funding application covers the works set out in paragraph 4 (i) and (ii) above.

SCOPE OF THE FIRST STAGE INTEGRATED BASEMENT WORKS

(a) Advance Works for Zone 3A of the Integrated Basement

7. The construction of the advance works for Zone 3A of the integrated basement, which is to be funded by the Government under Item 763CL(part), comprises the construction of foundation works for (i) an underground road and (ii) the protection works for the existing Airport Express tunnels. The proposed advance works are highly integrated with the foundation works of M+, the museum project funded and undertaken by the West Kowloon Cultural District Authority (WKCDA), as they are located within the same site (Zone 3A). Subject to FC's funding approval, the Government will entrust to WKCDA the construction of the proposed advance works for Zone 3A to avoid complex interfacing problems with and possible delay to the foundation works of M+.

8. To meet the tight implementation programme of M+, WKCDA commenced the foundation works for M+ in August 2014 for completion in the third quarter of 2015. As a means to mitigate possible delay to the completion of M+ due to the delay in securing funding approval, options have been allowed in the M+ foundation works contract to incorporate the proposed advance works for Zone 3A once instruction is given by the WKCDA when the necessary funding approval is available (see paragraphs 16-18 on the latest developments).

(b) Design for Zone 3B of the Integrated Basement

9. Given the tight implementation programme of the Lyric Theatre, WKCDA commenced the design of the basement levels of the Lyric Theatre in October 2014. In view of the exceptionally high degree of integration between the integrated basement and the Lyric Theatre, the Government also plans to entrust WKCDA with the design of the essential basement structures and associated works for Zone 3B of the integrated basement in parallel with the design of the Lyric Theatre, subject to FC's funding approval of Item 763CL(part). As with the M+ foundation contract, options have been allowed in WKCDA's design consultancy for the Lyric Theatre to enable the design work for Zone 3B of the integrated basement to be incorporated in the contract and to commence immediately upon FC's funding approval. This could help mitigate the impact on the programme and completion of the Lyric Theatre due to delay in funding approval.

Other issues that are critical to the implementation of the integrated basement

10. Apart from the delay in securing funding approval as mentioned in paragraphs 7 to 9 above, there are currently two other major issues critical to the implementation of the integrated basement as stated below.

(A) Interface with the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) project

11. At the Joint Subcommittee meeting held on 28 May 2014, Members raised concerns about the implications of the delay of the XRL project on the implementation programme of the WKCD development. As advised by MTR Corporation Limited (MTRCL), a portion of the works area being occupied by XRL's barging facilities in Zone 3B of the integrated basement would remain in use and is targeted for handing over to Government/WKCDA around the fourth quarter of 2016. As a result, the foundation works for Zone 3B of the integrated basement can only be completed in 2017 the soonest, which will have impact on the completion date of the Lyric Theatre (see also paragraph 12 below). As regards Zones 2A, 2B and 2C of the integrated basement between the Xiqu Centre and the Lyric Theatre, MTRCL advised that the works area above the basement and the area adjoining the XRL West Kowloon Terminus would be released in phases between 2016 and 2017. The Government together with WKCDA will continue to liaise closely with the MTRCL to explore the possibility of handing over the works areas of the XRL project to Government/WKCDA earlier than MTRCL has proposed.

(B) Review of the design of the Lyric Theatre by WKCDA

12. The Lyric Theatre will be the second major performing arts venue to be provided in the WKCD after Xiqu Centre. The theatre will be used for a wide variety of performing arts events including drama and musical performances, with a focus on dance as its artistic positioning. In response to the demand from stakeholders of the film industry and arts sector, WKCDA is reviewing the scope of facilities to be provided in the Lyric Theatre, including the possibility of increasing the seating capacity of the theatre from 1200 to 1450 and reconfiguration of the building layout. The technical feasibility study of the proposed revisions is in progress and WKCDA will further consult the stakeholders of the arts sector before making decision. The review of the design, coupled with the delay in

the handing over the works areas of XRL to Government/WKCDA as mentioned in paragraph 11 above, will defer the design and construction of the foundations and basement of the Lyric Theatre at Zone 3B of the integrated basement, and in turn the completion date of the Lyric Theatre from 2019 to around 2020.

PROJECT ESTIMATE OF THE MAIN INTEGRATED BASEMENT

13. The Government together with WKCDA also informed Members at the Joint Subcommittee meeting held on 28 May 2014 that based on WKCDA's preliminary basement layout and assuming completion of the whole integrated basement in one go by 2020, a rough cost estimate of the main integrated basement (inclusive of design and construction) was around \$23 billion in MOD prices. Of this \$23 billion, about \$19 billion was for the construction of the foundation and substructure of the integrated basement for the topside developments, and the remaining \$4 billion was for the cost of public infrastructure works (PIW), i.e. the underground road and protection works for the existing Airport Express tunnels. In this regard, when seeking FC's approval for the one-off upfront endowment to WKCDA in 2008, the Government undertook to provide separate funding for the communal and government facilities and related engineering works, such as roads, drainage, fire station, public pier, etc, which were designed to support the whole WKCD.

14. Based on the latest phased implementation programme, the amount of funding to be sought from the FC in the coming years up to 2017 for implementing the integrated basement (excluding the PIW) will be about \$7 billion in MOD prices, while the cost of implementing the PIW will be about \$3 billion in MOD prices (see **Annex B**). Given that the integrated basement will now be developed by phases, we will be in a better position to provide the Subcommittee with more updated estimates for the whole integrated basement project when the detailed design and the construction programmes for the different phases of the integrated basement are firmed up.

TIMELINE FOR FUNDING APPLICATIONS IN THE COMING YEARS

15. The Government together with WKCDA have reviewed the timeline for funding applications for the integrated basement and PIW taking into account the latest programme status and other relevant circumstances. The revised tentative schedule for the

upcoming funding applications for the integrated basement works and PIW up to 2017 is set out at **Annex B** for Members' reference.

ALTERNATIVE ARRANGEMENT FOR FUNDING ADVANCE WORKS AND INTEGRATED BASEMENT DESIGN

16. The significant delay in obtaining FC's approval for the first stage of design and advance works of the integrated basement under Item 763CL(part) has serious knock-on effects on the construction costs and development programmes of M+ and the Lyric Theatre undertaken by WKCDA. As explained at the Joint Subcommittee meeting held on 24 November 2014, for each month of delay in the commissioning/completion of the M+ construction works, it is estimated that WKCDA will have to incur at least an additional \$20 million, on top of the delay in opening of the Museum. While options have been allowed for the inclusion of the advance works for Zone 3A and the design of essential basement structures and associated works for Zone 3B of the integrated basement in the M+ foundation works contract and the Lyric Theatre design consultancy respectively, a decision has to be made by WKCDA on the exercise of these options so as to mitigate the adverse impact on cost and venue opening.

17. In view of the significant cost and programme implications on M+ and the Lyric Theatre as mentioned in paragraph 16 above, as well as the imminent completion of the M+ foundation works by the third quarter of 2015, the WKCDA Board approved, as **an exceptional and one-off arrangement**, on 31 December 2014 for WKCDA to exercise the option on 5 January 2015 and charge the costs of the construction of the advance works for Zone 3A of the integrated basement to its endowment fund. The WKCDA Board has further agreed in-principle to adopt the same funding arrangement in respect of the design of essential basement structures and associated works for Zone 3B of the integrated basement. Accordingly, the Government will withdraw PWSC Paper No. PWSC(2014-15)37 that seeks to upgrade part of Item 763CL to Category A for the first stage of design and advance works for the integrated basement on 5 January 2015.

18. In approving the above alternative funding arrangement, the WKCDA Board is aware that its commitment is unconditional. Nevertheless, as the Government has agreed to fund and implement the integrated basement works (LC Paper No. CB(2)1591/13-14(03) discussed at the Joint Subcommittee meeting mentioned in

paragraph 4 above refers), it intends to seek FC's approval for the costs associated with the first stage of design and advance works of the integrated basement to which will be transferred to WKCD afterwards in recognition of the works undertaken on behalf of the Government.

NEXT STEPS

19. The Government plans to submit to PWSC/FC its second stage funding application (i.e. item (i) in Annex B) which comprises the foundation works for basement structures, underground road and protection works for the existing Airport Express tunnels at Zone 3B; the detailed design and site investigation works for basement structures at Zone 2A; and the preliminary design and site investigation basement structures at Zones 2B and 2C in mid-2015, with a view obtaining funding approval before the end of this legislative year. As mentioned in paragraph 18 above, the Government will also seek funding approval, in the context of its second stage funding application, for the advance works for Zone 3A and the design of Zone 3B integrated basement undertaken by WKCD.

20. Given the Government's commitment to providing separate funding for the implementation of the integrated basement and PIW for WKCD, it remains our plan to seek FC's approval for the funding applications as set out in Annex B.

DISCUSSION

21. Members are invited to note and comment on the progress update on the implementation of the integrated basement, the revised timeline for funding applications, and the alternative funding arrangement adopted by WKCD for the first stage of design and advance works.

22. Members are also invited to note the Government's plan to seek FC's approval for the second stage funding application in mid-2015, which will include the costs of advance works for Zone 3A and the design of Zone 3B integrated basement undertaken by WKCD on behalf of the Government.

**Home Affairs Bureau
West Kowloon Cultural District Authority
January 2015**

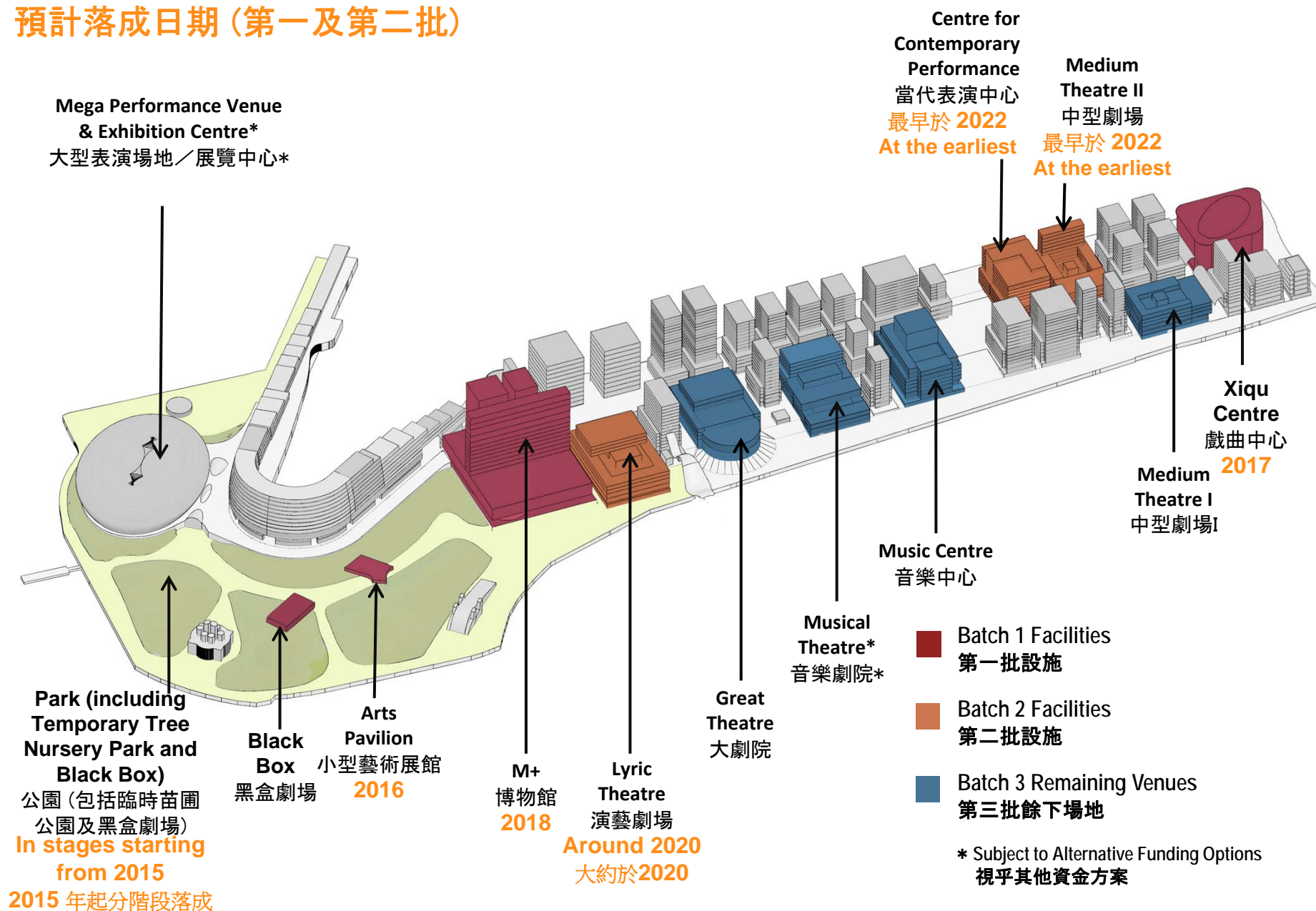
WEST KOWLOON CULTURAL DISTRICT FACILITIES 西九文化區設施

TARGET COMPLETION DATES (BATCH 1 and 2)

預計落成日期 (第一及第二批)

ANNEX A

附件 A



Funding Applications for Integrated Basement and Associated Public Infrastructure Works in Coming Years up to 2017

	WKCD Facilities / Developments to be affected	Rough Cost Estimates of Funding to be sought (in MOD prices)		Tentative Schedule of Funding Applications
		Integrated Basement	Public Infrastructure Works (PIW)	
(i) Second stage of design, site investigation and advance works comprising - (a) Construction of foundation works for basement structures, underground road and protection works for the existing Airport Express tunnels at Zone 3B; (b) Detailed design and site investigation (SI) for basement structures at Zone 2A; and (c) Preliminary design and SI for basement structures at Zones 2B and 2C	Lyric Theatre and Artist Square (at Zone 3B), Hotel/Office/Residential (HOR) sites including Retail/Dining/Entertainment (RDE) facilities and arts and cultural facilities of WKCDA (at Zones 2A and 2B)	About \$ 1 billion	About \$ 1 billion	Mid 2015

Funding Applications for Integrated Basement and Associated Public Infrastructure Works in Coming Years up to 2017

	WKCD Facilities / Developments to be affected	Rough Cost Estimates of Funding to be sought (in MOD prices)		Tentative Schedule of Funding Applications
		Integrated Basement	Public Infrastructure Works (PIW)	
(ii) Construction of underground road and associated PIW at Zone 3A	M+ Museum	About \$ 3 billion	About \$ 1 billion	Mid to late 2015
(iii) Construction of basement structures, underground road and associated PIW at Zone 3B	Lyric Theatre and Artist Square			2016/17
(iv) Construction of basement structures, underground road and associated PIW at Zone 2B	HOR sites including RDE facilities and arts and cultural facilities of WKCDA (at Zone 2B)	About \$3 billion	About \$1 billion	2016/17

Note: PWSC paper No. PWSC(2014-15)37 of 763CL is excluded from the table.