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**Joint Subcommittee to Monitor the Implementation of  
the West Kowloon Cultural District Project**

**Updated background brief prepared by the Legislative Council Secretariat  
for the meeting on 12 January 2015**

**Implementation of the West Kowloon Cultural District  
integrated basement**

**Purpose**

This paper highlights the major views and concerns of the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee") on the implementation of the integrated basement in the West Kowloon Cultural District ("WKCD").

**Background**

2. WKCD is planned to be developed by means of a Development Plan ("DP") prepared under section 21 of the West Kowloon Cultural District Authority Ordinance (Cap. 601) ("WKCDAO"). Pursuant to section 21(5)(b) of WKCDAO, the West Kowloon Cultural District Authority ("WKCDA") is required to ensure compliance of the DP with the development parameters and other requirements or conditions specified in the South West Kowloon Outline Zoning Plan, which include, among others, provision of not less than 23 hectares of public open space in WKCD.

3. In March 2011, WKCDA selected the "City Park" conceptual plan designed by Foster+Partners ("F+P") as the preferred Conceptual Plan Option ("CPO")<sup>1</sup> for the development of WKCD. According to F+P's concept, WKCD will feature an integrated basement where all vehicular traffic, ancillary parking

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<sup>1</sup> WKCDA appointed three consultants to prepare proposed CPOs for WKCD in July 2009. The three proposed CPOs were "City Park" designed by F+P, "Cultural Connect: Key to Sustained Vitality" designed by Rocco Design Architects Limited, and "Project for a New Dimension" designed by Office for Metropolitan Architecture.

and loading/unloading facilities will be put underground, so as to free up space for arts and cultural use and create a pedestrian-friendly environment at the ground level. The WKCD DP, which was prepared based on F+P's concept, was approved by the Chief Executive in Council in January 2013.

4. At the meeting of the Joint Subcommittee on 3 July 2013, the Administration advised members that it intended to fully fund the capital works of the integrated basement as general enabling works to facilitate the development of the whole WKCD project, subject to funding approval by the Legislative Council ("LegCo"). At the meeting of the Joint Subcommittee on 28 May 2014, the Administration briefed members on the proposed phased approach to implement the integrated basement (the zoning plan of the basement is in **Appendix I**), the funding application for the advance works for Zone 3A (i.e. the M+ portion) and the design for Zone 3B of the integrated basement, as well as the proposal to create one supernumerary Chief Engineer (D1) post in the Civil Engineering and Development Department ("CEDD") from July 2014 to 31 March 2019 ("the staffing proposal") to take forward the implementation of the integrated basement and the government infrastructure works for WKCD. Members did not raise objection to the Administration's submission of the funding application and the staffing proposal to the Public Works Subcommittee ("PWSC") and the Establishment Committee ("ESC") for consideration. The funding application was submitted to PWSC in June 2014. The staffing proposal was endorsed by ESC on 11 June 2014 and approved by the Finance Committee ("FC") on 12 July 2014.

### **Members' concerns**

5. Issues relating to the implementation of the WKCD integrated basement were discussed at the meetings of the Joint Subcommittee on 3 July 2013 and 24 January, 28 May, and 24 November 2014. Members' major views and concerns are summarized in the ensuing paragraphs.

### Funding arrangements

6. Some members queried why the public infrastructure for WKCD, including the integrated basement, had not been accounted for in the Administration's funding submission to LegCo for the provision of the one-off upfront endowment of \$21.6 billion to WKCD in 2008. Hon Gary FAN considered that as the basement design was featured in all three CPOs for WKCD prepared by the consultants appointed by WKCD, the Administration

should have recognized the need for constructing an integrated basement in the early planning stage of WKCD. He questioned whether the Administration's proposal to undertake and fully fund the capital works of the integrated basement was an attempt to cover up the overspending of the WKCD project and bypass LegCo's monitoring of the project expenditure. Hon Christopher CHUNG expressed the view that although the Government had not made additional capital injection into WKCDA to supplement the upfront endowment fund for the WKCD project, it would, in effect, have given additional funding support to WKCDA through fully funding the capital works of the integrated basement. He requested the Administration to provide details on the respective funding responsibility of the Government and WKCDA for the development of public infrastructure for WKCD and the costs covered by the Government for WKCDA in implementing the integrated basement.

7. The Administration clarified that when the funding proposal for the upfront endowment fund was submitted to LegCo in 2008, Members were advised that while WKCDA would cover the design and construction costs for the arts and cultural facilities with the endowment fund, other communal and government facilities and related engineering works for supporting the whole WKCD would be undertaken by the Government and funding for such works would be sought from LegCo separately. In January 2013, FC approved funding of \$478 million (money-of-the-day prices) for the design and site investigation of government infrastructure works for supporting Phase 1 of the WKCD project.

8. The Administration further explained that the provision of an integrated basement was not included in the original scope of the WKCD project as per the recommendations of the Consultative Committee on the Core Arts and Cultural Facilities of WKCD ("CC Case") in 2007, nor was it accounted for in the estimate for the endowment fund for the WKCD project approved by LegCo in 2008. The basement design was proposed in the three CPOs for WKCD prepared and presented for consultation with the public in 2009-2011, after LegCo's funding approval of the endowment fund was sought. Given that the provision of an integrated basement was not covered in the CC case, and having regard to the latest financial situation of WKCDA and the consideration that the integrated basement was one of the major factors for the project cost escalation, the Administration planned to fully fund the capital works of the integrated basement (as opposed to the original plan of cost-sharing between the Government and WKCDA of 50:50) as general enabling works to facilitate the development of the whole WKCD project. The Administration stressed that it had no intention of bypassing LegCo, as all funding proposals for the public infrastructure works and the integrated basement for WKCD were subject to approval by LegCo.

9. When the Joint Subcommittee was briefed on the latest progress of the WKCD development at its meeting on 24 November 2014, some members expressed concern about the impact of the delay in the consideration of the funding application for the first stage of the advance works and design of integrated basement on the implementation progress of the WKCD project. Given the uncertainty about whether and when funding approval would be given by LegCo, they enquired whether the Administration had formulated any concrete plans to secure the required funding for financing the implementation of the relevant parts of the integrated basement where necessary. Concern was also raised about the cost implication of such delay.

10. The Administration advised that it was fully aware that any delay in obtaining funding approval from FC for the implementation of the integrated basement would have significant time and cost implications on the development of the whole WKCD. The Administration was in discussion with WKCDA on possible alternative options for funding the implementation of the integrated basement where the situation warranted. According to the Administration, assuming a rate of construction cost escalation of 6% per annum, the construction cost of M+ could increase by over \$20 million per month of delay.

11. Enquiries had been raised about the Administration's target schedule for securing PWSC's endorsement and FC's approval of the funding application for the advance works for Zone 3A (i.e. the M+ portion) and the design for Zone 3B of the integrated basement and whether it was possible for WKCDA to absorb the costs of these works (i.e. about \$0.3 billion). The Administration advised that in view of the urgent implementation timeframe of M+, it had been considering to invite the contractor awarded with the foundation works of M+ to also undertake the advance works for Zone 3A of the integrated basement so that the relevant works could be expedited. Given that the foundation works of M+ were scheduled for completion by August 2015, a decision as to whether to entrust the contractor with the advance works for the M+ portion of the integrated basement would have to be taken by January 2015 the latest. While FC's approval was pending, the Administration and WKCDA would examine the options available, including whether it was feasible for WKCDA to deploy the endowment fund to meet the costs of the relevant works, taking into account, among others, the scope of the endowment fund approved by FC and the possible impact on WKCDA's financial position.

#### Cost estimate

12. When the Joint Subcommittee was briefed on the Administration's proposal for the implementation of the integrated basement at its meeting on 28 May 2014, members generally expressed grave concern that the cost estimate of the integrated basement had increased from more than \$10 billion as advised by

the Administration in July 2013 to around \$23 billion. The Administration was requested to explain the basis upon which the current cost estimate of the integrated basement was drawn up, and whether it would ensure that there would not be any further increase in the project estimate in future other than that caused by escalation of material and staffing costs.

13. The Administration explained that the current rough cost estimate of around \$23 billion for the main integrated basement (i.e. the central portion between the Xiqu Centre and M+, covering Zones 2A, 2B, 2C and 3B) was derived on the assumption that the construction of the whole integrated basement would start in 2014 for completion in one go by 2020. It included about \$19 billion being the cost of the foundations and substructure of the basement, which, according to the original plan, should be shared between the Government and WKCD, and about \$4 billion being the cost of the public infrastructure works in the basement, which served to support the whole WKCD and had all along been planned to be funded by the Government. Given that the implementation programme of certain portions of the basement had yet to be confirmed, the Administration considered it premature to conclude whether the final cost of the main integrated basement would be about \$23 billion as currently estimated. Based on the phased implementation arrangement, the Administration would seek funding from LegCo for the implementation of the integrated basement and related public infrastructure works over the next few years in the estimated total amount of about \$10 billion. The Administration was requested to revert to the Joint Subcommittee on the latest schedule for submitting such funding applications to LegCo.

14. Some members enquired whether the Administration had examined the viability of not implementing/implementing partially the integrated basement and considered putting all or some of the vehicular traffic at ground level with provision of appropriate environmental facilities, so as to reduce the costs of the WKCD project while achieving the original aim of providing a green environment in WKCD. Some other members, however, expressed the view that as the integrated basement was an integral part of the design of WKCD which was drawn up after years of consultations, they were opposed to scraping the basement which would result in further delay of the WKCD project.

15. The Administration advised that the integrated basement was a key facility in F+P's "City Park" conceptual plan for WKCD which served to free up space for arts and cultural use and create a pedestrian-friendly environment at ground level. The basement concept had received public support during the public engagement exercise conducted by WKCD for the WKCD DP from 2009-2011. Given that the integrated basement was an essential feature to meet the statutory minimum requirement for 23 hectares of public open space in WKCD and an integral part of DP which had undergone the statutory planning

process, the Administration considered it not appropriate to scrap the basement design.

### Implementation approach and management issues

16. Noting the Administration's plan to implement the integrated basement in phases, some members expressed concern about whether the proposed phased implementation approach would result in delivery of the basement and WKCD facilities in a fragmented manner and lack of connections among different zones of the integrated basement. The Administration advised that the phased implementation approach was commonly adopted in major public works projects. While the WKCD project would be implemented in phases, a holistic WKCD would be developed for the benefit of the community. Under the schematic layout of the integrated basement prepared by WKCDA, there would be accesses to the basement at Canton Road, Austin Road West and near M+. WKCDA would give due regard to east-west connectivity during the detailed design and construction of the integrated basement, and seek to ensure that different zones of the basement would be interconnected upon full completion. CEDD would also conduct a technical study to examine the feasibility and cost implications of the proposed phased implementation arrangement for the integrated basement. Issues to be studied would include the exact boundaries between zones and the connectivity and integration of different zones of the basement.

17. In response to members' concern about the air quality and temperature as well as the future management of the integrated basement, the Administration and WKCDA stressed that due regard would be given to the underground air quality and temperature in formulating the detailed design of the integrated basement. The Administration also advised that while it was preliminarily planned to entrust the management of the entire basement to WKCDA to enhance the overall management efficiency, the issue of whether separate funding would be provided to WKCDA to subsidize the management costs would require further study.

### **Latest development**

18. On 5 January 2015, the Administration advised the Joint Subcommittee and PWSC of its decision to withdraw its paper which sought funding for the advance works for Zone 3A and the design for Zone 3B of the WKCD integrated basement, having regard to WKCDA's latest decision to charge the costs of the relevant works to its endowment fund. The Administration and WKCDA will provide a progress update on the implementation of the integrated basement, including the alternative funding arrangement for the first stage of design and advance works of the integrated basement, at the meeting of the Joint

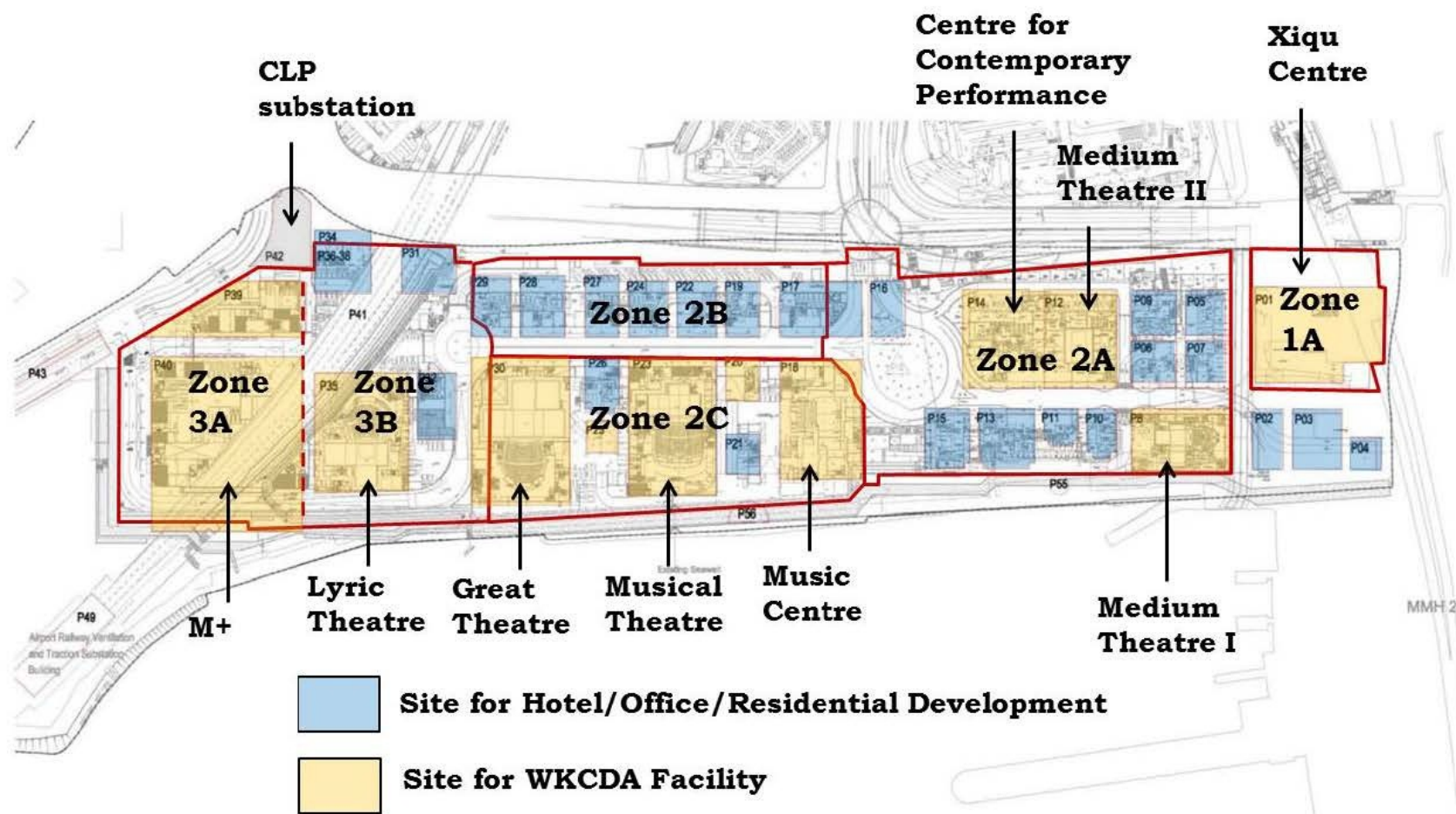
Subcommittee on 12 January 2015.

**Relevant papers**

19. A list of the relevant papers on the LegCo Website is in the **Appendix II**.

Council Business Division 2  
Legislative Council Secretariat  
7 January 2015

# Phasing Plan of Integrated Basement



## Notes:

1. The demarcation between the different zones is subject to study during the design stage of the integrated basement project.
2. The sites for HOR developments also consist of RDE, OACF and parking facilities of WKCD.



## Appendix II

### Relevant papers on Implementation of the West Kowloon Cultural District integrated basement

Committee	Date of meeting	Paper
Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project	3.7.2013 Item II	<a href="#">Agenda</a> <a href="#">Minutes</a>
	24.1.2014 Item II	<a href="#">Agenda</a> <a href="#">Minutes</a>
	28.5.2014 Item II	<a href="#">Agenda</a> <a href="#">Minutes</a>
	24.11.2014 Item II	<a href="#">Agenda</a> <a href="#">Minutes</a>
Public Works Subcommittee	9.1.2015	<a href="#">PWSC67/14-15(01)</a>

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