

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

Follow-up to meeting on 19 May 2015

Implementation of the integrated basement and infrastructure works for the West Kowloon Cultural District (“WKCD”)

The Administration agreed to provide for members' reference information on the preliminary costing prepared in 2010 for the integrated basement as envisaged in the Conceptual Plan prepared by Foster + Partners, which was subsequently selected as the preferred option for developing into a Development Plan for WKCD.

In updating the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project (“Joint Subcommittee”) on the financial situation for the West Kowloon Cultural District (“WKCD”) project at its meeting on 27 June 2012, the West Kowloon Cultural District Authority (“WKCDA”) informed Members (Ref: LC Paper No. CB(2)2369/11-12(05)) that the three selected Conceptual Plan Consultants (CPCs) (namely, Foster + Partners, Rocco Design Architects Limited and Office for Metropolitan Architecture) had undertaken their own financial assessments based on their proposed conceptual plans. All CPCs confirmed that their plans were within budget according to their own financial assumptions, projected retail/dining/entertainment (“RDE”) income and estimated construction cost trend. Their estimated capital cost ranged from HKD28 billion to HKD29.6 billion in 2010 Net Present Value (“NPV”), and taking into account the projected RDE income, their projected surplus on total project NPV¹ ranged from HKD2.9 billion to HKD8 billion. The cost estimates of the CPCs had been subject to an independent cost review in 2011. It was noted that the outcome of the estimates was very much dependent on the cost and RDE revenue projections given by the CPCs. All three submissions indicated high RDE revenues to cover the capital cost deficits.

In presenting the above information in the above-mentioned Joint Subcommittee paper, the WKCDA recognized that the eventual cost level and RDE revenue would be subject to change and that the cost trend needed

¹ Total surplus on total project NPV = (sum of RDE operating income and one-off endowment) – (sum of capital cost and venue operating deficit)

to be closely monitored due to the volatility of construction activities in the coming years, given the various construction demands and macro-economic factors worldwide and in the region.

Insofar as the Foster + Partners' Conceptual Plan is concerned, the total project cost of core arts and cultural facilities was estimated to be HKD17.7 billion in 2010 NPV. The submission however did not provide a separate cost item for the integrated basement, and the basement cost would have been included in the cost estimates of the individual WKCD facilities.

Home Affairs Bureau
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