

立法會
Legislative Council

LC Paper No. CB(1)1076/16-17
(These minutes have been seen by
the Administration)

Ref : CB1/PS/2/16

Panel on Development and Panel on Home Affairs

**Joint Subcommittee to monitor the implementation of
the West Kowloon Cultural District Project**

**Minutes of meeting held on
Friday, 21 April 2017 at 8:30 am
in Conference Room 2 of the Legislative Council Complex**

Members present : Hon LAU Kwok-fan, MH (Chairman)
Hon Tanya CHAN (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon YIU Si-wing, BBS
Hon CHAN Chi-chuen
Dr Hon Helena WONG Pik-wan
Hon CHU Hoi-dick
Hon Holden CHOW Ho-ding
Hon Wilson OR Chong-shing, MH
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Members absent : Hon MA Fung-kwok, SBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon CHEUNG Kwok-kwan, JP

Member attending : Dr Hon CHIANG Lai-wan, JP

**Public officers
attending**

: Agenda items II and III

Mrs Betty FUNG CHING Suk-yee, JP
Permanent Secretary for Home Affairs

Mrs Sorais LEE KWAN Siu-kuen, JP
Project Manager (Home Affairs Bureau)

Ms Alice PANG, JP
Project Manager (Kowloon)
Civil Engineering and Development Department

Mr Ringo MOK Wing-cheong
Chief Engineer/Kowloon 5
Civil Engineering and Development Department

Agenda item II

Ms Alice YEUNG Lai-fong
Chief Architect/2, Architectural Branch
Architectural Services Department

**Attendance by
invitation**

: Agenda items II and III

Mr Duncan PESCOD, GBS, JP
Chief Executive Officer
West Kowloon Cultural District Authority

Dr William CHAN
Chief Operating Officer
West Kowloon Cultural District Authority

Mr Jeremy STOWE
Director, Project Control
West Kowloon Cultural District Authority

Clerk in attendance : Ms Sharon CHUNG
Chief Council Secretary (1)2

Staff in attendance : Ms Mandy LI
Council Secretary (1)2

Ms Christina SHIU
Legislative Assistant (1)2

Miss Joey LAW
Clerical Assistant (1)2

Action

I Confirmation of minutes

(LC Paper No. CB(1)820/16-17 —Minutes of the third meeting
on 21 February 2017)

The minutes of the meeting held on 21 February 2017 were confirmed.

II Implementation of the Infrastructure Works for West Kowloon Cultural District, Phase 1

(LC Paper No. CB(1)819/16-17(01) —Administration's paper on
implementation of the
infrastructure works for
West Kowloon Cultural
District, Phase 1

LC Paper No. CB(1)819/16-17(02) —Paper on the implementation
of public infrastructure
works for the West Kowloon
Cultural District prepared by
the Legislative Council
Secretariat (Updated
background brief))

III Implementation of the Integrated Basement for West Kowloon Cultural District

(LC Paper No. CB(1)819/16-17(03) —Administration's paper on
implementation of the
integrated basement for
West Kowloon Cultural
District

LC Paper No. CB(1)819/16-17(04) —Paper on the implementation
of the integrated basement
for the West Kowloon
Cultural District prepared by
the Legislative Council

Secretariat (Updated
background brief))

2. The Chairman suggested and Members agreed that the discussion of agenda items II and III be combined as they were inter-related.

3. Permanent Secretary for Home Affairs advised that the funding proposals were to: (a) upgrade part of 754CL, entitled "Infrastructure Works for West Kowloon Cultural District, Phase 1", to Category A at an estimated cost of \$490 million in money-of-the-day ("MOD") prices for carrying out the second construction package of public infrastructure works for West Kowloon Cultural District ("WKCD"); and (b) upgrade part of 763CL, entitled "Integrated Basement for West Kowloon Cultural District", to Category A at an estimated cost of \$3,890 million in MOD prices for carrying out the third stage of construction works of the integrated basement for WKCD. With the aid of a powerpoint presentation, Project Manager (Kowloon), Civil Engineering and Development Department, briefed members on the details of the two proposals, which were given in the Administration's papers (LC Papers Nos. CB(1)819/16-17(01) and (03)) and the powerpoint presentation materials tabled at the meeting.

(Post-meeting note: Softcopies of the powerpoint presentation materials were circulated to members vide LC Papers Nos. CB(1)862/16-17(01) and CB(1)862/16-17(02) by email on 21 April 2017.)

4. The Chairman reminded members that in accordance with Rule 83A of Rules of Procedure of the Legislative Council, they should disclose the nature of any direct or indirect pecuniary interests relating to the subjects under discussion at the meeting before they spoke on the subjects.

5. Mr Abraham SHEK declared that he was an independent non-executive director of the MTR Corporation Limited ("MTRCL").

6. The Joint Subcommittee deliberated (index of proceedings in the **Appendix**).

7. The Joint Subcommittee requested the Administration to provide the following information:

- (a) detailed breakdown of the estimated costs for the main section (i.e. \$290 million) and the remaining section (i.e. \$60 million) of the proposed Artist Square Bridge; and

how such estimation had been arrived at, such as whether there were any anticipated technical difficulties in the construction of the bridge; if yes, the details;

- (b) examples of footbridges constructed at different cost levels, e.g. \$0.2 million/m², \$0.5 million/m², \$0.7 million/m², etc;
- (c) a breakdown of the estimated expenses on the contingencies and price adjustment (i.e. \$110 million) for the second construction package of infrastructure works under 754CL(part); and
- (d) the percentage (in the project cost) and the amount of the in-house management cost to be payable to the WKCD Authority ("WKCDA") under 754CL(part) and 763CL(part), and how the percentage/amount was comparable to the management costs paid by the Administration for the projects entrusted to other parties, such as MTRCL.

(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1023/16-17(01) on 26 May 2017.)

Submission of the funding proposals to the Public Works Subcommittee

8. The Chairman put the question of whether members supported the submission of the two funding proposals to the Public Works Subcommittee ("PWSC") for consideration to vote and ordered a division. The voting bell was rung for five minutes. Two members voted for, five members voted against the question, and one member abstained. The votes of individual members were as follows:

For:

Mr YIU Si-wing
(2 members)

Mr Wilson OR

Against:

Ms Tanya CHAN (Deputy Chairman) Mr LEUNG Kwok-hung
Mr CHAN Chi-chuen Dr YIU Chung-yim
Dr LAU Siu-lai
(5 members)

Abstain:

Dr Helena WONG
(1 member)

9. The Chairman concluded that the Joint Subcommittee did not support the Administration's submission of the proposals to PWSC.

IV Any other business

Public consultation exercise on the Hong Kong Palace Museum project

10. Chief Executive Officer, West Kowloon Cultural District Authority advised that WKCD had undertaken a multi-pronged public consultation exercise from 11 January to 8 March 2017 to collect public views on the Hong Kong Palace Museum ("HKPM") project. An independent consultant, the Consumer Search Group, had been appointed by WKCD to conduct a thorough analysis of all the submissions and views received during the public consultation period. The analysis of all the views gathered through the public consultation exercise was being finalized. WKCD would brief the Consultation Panel on the key findings and initial assessment on the views soon. A final report on the analysis would be presented to the WKCD Board for their consideration before deciding on the next step. The final report would be made available for viewing by members of the public in due course. WKCD would brief the Joint Subcommittee on the final report at the meeting in June.

(Post-meeting note: A report on the key findings of the public consultation exercise on the HKPM project provided by WKCD was circulated to members on 24 April 2017 vide LC Paper No. CB(1)867/16-17(01). A report on the analysis of views for the public consultation exercise on the HKPM project and the response by WKCD to the key views of the public consultation exercise were circulated to members on 10 May 2017 vide LC Papers Nos. CB(1)924/16-17(01) and CB(1)924/16-17(02) respectively.)

11. The Deputy Chairman, Dr Helena WONG and Mr LEUNG Kwok-hung suggested that a meeting be held to receive public views on the HKPM project. The Chairman said that he would consider the suggestion.

Date of the next meeting and items for discussion

12. Members noted that the next meeting would be held on Tuesday, 13 June 2017, at 8:30 am for discussion on the following items:

- (a) Outcome of the public consultation exercise on the HKPM project; and
- (b) Update on the development of Xiqu Centre.

(Post-meeting note: Members were informed on 10 May 2017 vide LC Paper No. CB(1)919/16-17 that a meeting would be held on 29 May 2017 to receive a briefing on (a) above. By the same circular, members' views were sought on whether the public should be invited to attend the meeting to give views on the HKPM project. Having considered members' replies and according to members' views, the Chairman has decided not to invite the public to give views on the subject at the meeting. Members have been informed accordingly on 16 May 2017 vide LC Paper No. CB(1)957/16-17.)

13. There being no other business, the meeting ended at 10:47 am.

Council Business Division 1
Legislative Council Secretariat
5 June 2017

Panel on Development and Panel on Home Affairs

**Proceedings of meeting of the Joint Subcommittee to Monitor
the Implementation of the West Kowloon Cultural District Project
held on Friday, 21 April 2017, at 8:30 am
in Conference Room 2 of the Legislative Council Complex**

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
Agenda Item I – Confirmation of minutes			
001056-001120	Chairman	Confirmation of minutes (LC Paper No. CB(1)820/16-17)	
Agenda Item II –Implementation of the Infrastructure Works for West Kowloon Cultural District, Phase 1			
Agenda Item III –Implementation of the Integrated Basement for West Kowloon Cultural District			
001121-003213	Chairman Permanent Secretary for Home Affairs ("PSHA") Project Manager (Kowloon), Civil Engineering and Development Department ("PM(KLN)/CEDD")	The Chairman suggested and members agreed that the discussion of agenda items II and III be combined. Briefing by PSHA and PM(KLN)/CEDD on the implementation of the infrastructure works, Phase 1, and the integrated basement project for the West Kowloon Cultural District ("WKCD") [LC Papers Nos. CB(1)819/16-17(01) and (03), and CB(1)862/16-17(01) and (02)]	
003214-004112	Chairman Deputy Chairman PSHA PM(KLN)/CEDD	Noting that the main section (about 69m long, with a clear width of about 7m) and the remaining section (about 15m long, with a clear width of about 7m) of the proposed Artist Square Bridge ("ASB") would cost about \$350 million, the Deputy Chairman commented that the construction cost of ASB was exceptionally high. Pointing out that the construction cost of a footbridge from MTR Tsuen Wan West Station to MTR Tsuen Wan Station (620m long) was about \$190 million, she queried the justification for constructing ASB at such a high cost, i.e. \$5 million/m. She asked whether the Administration had considered alternatives to the proposed footbridge, such as an underground pedestrian walkway. The Chairman sought information on the breakdown of the estimated cost for the proposed ASB. PSHA said it might not be appropriate to make a direct comparison of the construction costs among different footbridges. The construction cost of a footbridge would depend on various factors other than the length.	The Administration to take follow-up action as per paragraph 7(a) of the minutes

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>PM(KLN)/CEDD supplemented that:</p> <p>(a) The total length of the proposed ASB, an elevated walkway to be constructed across the Austin Road West flyover, would be 112m, including (i) the main section of 69m over the existing Austin Road West; and (ii) the remaining section comprising a 15m-long bridge deck and a 28m-long escalator(s)/staircase. To provide adequate headroom over the existing flyover, the walking level of the proposed ASB would be about 15m above the existing footpaths on Austin Road West.</p> <p>(b) To help resolve the peak crowd dispersal scenario (e.g. after performances at various major arts and cultural venues), the proposed ASB would be constructed with a clear width of about 7m. Depending on the scale and complexity of the works, the unit cost of footbridges constructed by the Government would normally be within the range between \$0.2 million/m² and \$0.3 million/m², and could be as high as \$0.5 million/m² to \$0.7 million/m² in some exceptional cases due to different technical difficulties and site conditions.</p> <p>(c) To avoid imposition of extra loads on the Austin Road West flyover underneath the proposed ASB, intermediate permanent columns or temporary support for the ASB construction could not be erected on the flyover structure. Meanwhile, it was not feasible to construct an underground pedestrian subway to connect WKCD with the existing developments above MTR Kowloon Station, having regard to the conflict with the existing Airport Express Tunnels ("AET"). In view of technical difficulties and site constraints, the Administration considered that the estimated cost of the proposed ASB (i.e. around \$0.5 million/m²) was reasonable.</p> <p>In relation to the response (b) above given at the meeting, the Deputy Chairman requested the Administration to provide information on examples of footbridges constructed at different cost levels.</p>	<p>The Administration to take follow-up action as per paragraph 7(b) of the minutes</p>

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
004113-004720	Mr YIU Si-wing PM(KLN)/CEDD PSHA Chief Executive Officer, WKCD ("CEO/WKCD")	<p>While agreeing that there was a need to construct a footbridge to connect WKCD with the existing developments above MTR Kowloon Station, carry out beautification works for the existing subway and implement the integrated basement, Mr YIU Si-wing considered that the provision of \$110 million for contingencies and price adjustment for 754CL (second construction package of infrastructure works for WKCD) was quite high (the provision was 38% of the cost estimate for the main section of ASB).</p> <p>Mr YIU raised/expressed the following enquires/views:</p> <ul style="list-style-type: none"> (a) In relation to the provision of \$110 million for contingencies and price adjustment, (i) how the calculation had been arrived at; (ii) whether unused funds under "contingencies" and "price adjustment" could be deployed for other purposes; and (iii) examples of public works projects in which the provisions for contingencies and price adjustments had been set at a high level similar to that for 754CL. (b) Upon the commissioning of the proposed ASB and the beautified subway, the party to be responsible for the daily management of these two facilities and the expenditure to be incurred, e.g. maintenance and repair works, liability and insurance. (c) Whether there had been effective coordination among the relevant government departments and WKCD in designing the pedestrian facilities connecting WKCD with its neighbouring areas to ensure the design of such facilities would be coherent and match with the artistic and cultural ambience of WKCD. <p>In response, PM(KLN)/CEDD and PSHA made the following points:</p> <ul style="list-style-type: none"> (a) In view of the critical challenges for the construction of the proposed ASB, which would take at least 40 months, a provision for contingency (amounted to about 10% of the capital cost estimate) and a provision for price adjustment (amounted to about 20% of the capital cost estimate plus contingency) had been allowed in the project cost estimate to accommodate 	

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		<p>unforeseen circumstances and cater for inflation respectively. The Administration would finalize the breakdown of the cost estimates for 754CL and 763CL before submitting the funding proposals to the Public Works Subcommittee ("PWSC").</p> <p>(b) The Administration worked with WKCD closely on the aesthetic design of the proposed pedestrian facilities. The Administration would take up the management and maintenance responsibilities of the proposed pedestrian facilities.</p> <p>With regard to the design of the pedestrian facilities, CEO/WKCD said it was vital that the proposed ASB could provide an appropriate introduction to WKCD, express its dynamism and reinforce its arts and cultural significance. Also, as the site was located right above the MTR Airport Express Line, and came in between two major buildings yet to be built, this site was challenging and various constraints and pre-existing factors had to be taken into account in the design.</p>	
004721-005244	Dr YIU Chung-yim PM(KLN)/CEDD PSHA	<p>In response to Dr YIU Chung-yim's enquiry on how the estimation of the construction cost of the proposed ASB had been arrived at, PM(KLN)/CEDD advised that the Administration had made reference to other footbridges constructed by the Government.</p> <p>Dr YIU requested the Administration to provide written information on how the above estimation had been arrived at, such as whether there were any anticipated technical difficulties in the construction of the bridge, if yes, the details; and a breakdown of the estimated expenses on the contingencies and price adjustment for 754CL (second construction package of infrastructure works for WKCD).</p> <p>Dr YIU suggested that reference should be made to the Norwegian scheme for quality assurance of major public investments. To facilitate Legislative Council Members' deliberation on funding proposals on public works projects, the Administration should provide at least two alternative options to each project to ensure the better use of public funds.</p> <p>PSHA responded that the Board of WKCD had given due consideration to alternative designs for ASB before making a final decision. It was</p>	The Administration to take follow-up action as per paragraphs 7(a) and 7(c) of the minutes

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		believed that the estimated cost of the proposed bridge design would be close to the market price. The Administration would follow up with the Development Bureau on Dr YIM's suggestion about submission of proposals on public works projects.	
005245-005831	Mr Holden CHOW PSHA PM(KLN)/CEDD CEO/WKCDA	<p>Given that the proposed ASB would serve as a pedestrian link to The Elements shopping mall and the owner/tenants of the shopping mall would benefit from the increased pedestrian flows, Mr Holden CHOW enquired whether the Administration had asked/would consider asking the owner of the shopping mall to finance the construction cost of the proposed bridge. He opined that the Administration should consider developing public facilities through public-private partnership, which was a development approach widely adopted overseas .</p> <p>PSHA and PM(KLN)/CEDD advised that:</p> <p>(a) As previously committed (PWSC(2008-09)31), communal and government facilities and related engineering works (collectively know as public infrastructure works ("PIW")) to support the whole WKCD would be undertaken by the Government. Moreover, The Elements shopping mall had been commissioned before the development of WKCD. Since the proposed footbridge was a Government public works item, it was incumbent upon the Government to finance the construction of the proposed ASB.</p> <p>(b) Through the connection with the Elements Shopping Mall, the proposed ASB sought to provide a direct pedestrian linkage between MTR Kowloon Station and the future Artist Square Development Area ("ASDA"). It could accommodate surged demand during major events in WKCD and visitors could be efficiently dispersed. The owner of the shopping mall had agreed to open up the facade of the building at its own expense to connect the building with the proposed bridge.</p> <p>Mr CHOW maintained his view that the Administration should consider developing the proposed ASB through public-private partnership.</p> <p>CEO/WKCDA advised that WKCDA had identified alternative approaches to developing some of</p>	

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		WKCD's facilities, which had the potential to be delivered through public-private partnership. Yet, for PIW, it was inappropriate to be delivered through public-private partnership.	
005832-010415	Mr CHAN Chi-chuen PM(KLN)/CEDD	<p>Mr CHAN Chi-chuen sought elaboration on the length and construction cost of the entire ASB.</p> <p>PM(KLN)/CEDD advised that:</p> <p>(a) The length of the entire ASB was 112m, including (i) the main section of 69m over the existing Austin Road West; and (ii) the remaining section comprising a 15m-long bridge deck and a 28m-long escalator(s)/staircase extending into ASDA.</p> <p>(b) Despite the complexity of the proposed works, such as the proximity of the proposed foundation works to the existing AET, interface with the AET protection works, depth of the foundations, technical difficulties and site constraints, and integration with the basement structure in Zone 3B of the integrated basement, the Administration had endeavoured to contain the construction cost of the proposed footbridge.</p> <p>In response to Mr CHAN's further enquiry on whether the estimated cost of the remaining section (i.e. \$60 million) would cover the cost of escalators as well, PM(KLN)/CEDD replied in the affirmative.</p> <p>Mr CHAN said that he could not support the funding proposal unless the Administration could provide detailed breakdown of the cost estimates for the main section and the remaining section of the proposed bridge.</p>	
010416-010627	Chairman PSHA	Referring to paragraph 13 of the Administration's paper (LC Paper No. CB(1)819/16-17(01)), the Chairman noted with concern that, the Administration had proposed to entrust WKCD with the construction of the bridge and WKCD would be reimbursed for the actual costs incurred in relation to the management, supervision and construction of the proposed entrustment works by their consultants and contractors. The Chairman made the following enquiries:	

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		<p>(a) how the Administration would monitor the implementation of the WKCD project under the entrustment approach, in particular, how the Administration would deal with cost overrun or delay of the proposed works ; and</p> <p>(b) why the Administration could not undertake the construction of the proposed bridge and had to entrust it to WKCD.</p> <p>PSHA advised that:</p> <p>(a) Home Affairs Bureau and CEDD would oversee the project implementation. CEDD would also manage the entrustment agreement and closely monitor the cost and programme of the proposed entrusted works. For the second construction package of PIW and the third stage of construction works of the integrated basement for WKCD, WKCD would be reimbursed for its actual in-house management cost incurred for the entrusted works.</p> <p>(b) Given that the design and construction of the proposed footbridge and ASDA were highly integrated, if these projects were to be carried out by the Government's contractor and WKCD's contractor separately, it would end up with severe interfacing problems and the cost/time required for implementing the works would be significantly increased. The Administration therefore considered it necessary and cost-effective to entrust to WKCD the construction of the entire ASB in conjunction with the construction of the integrated basement structure in Zone 3B, which was also proposed to be entrusted to WKCD.</p>	
010628-011046	Dr Helena WONG PM(KLN)/CEDD PSHA	<p>Dr Helena WONG raised the following enquires:</p> <p>(a) whether the existing pedestrian subway at the junction of Austin Road West and Canton Road would continue to be open to the public when the proposed beautification works for the subway had commenced; and</p> <p>(b) whether the Administration would follow up the issue of inadequate provision of barrier-free access (e.g. lifts) in The Elements shopping mall in the light of anticipated increasing demand for</p>	

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		<p>such access upon the commissioning of the West Kowloon Terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") and the proposed ASB connecting the shopping mall and WKCD.</p> <p>PM(KLN)/CEDD advised that beautification works for the existing pedestrian subway would be carried out in stages so that the subway would still be opened to public use during the construction period. In parallel, the Administration would implement a number of measures to minimize the nuisances caused by the works to the pedestrians. For example, disruptive works would only be conducted at night time or during non-peak hours as far as practicable.</p> <p>PSHA responded that barrier-free access/facilities were a standard provision for government premises and facilities. According to the pedestrian forecasts and crowd dispersal analysis for WKCD for year 2031 (upon full development scenario), the pedestrian flow of the proposed ASB was about 4 000 in every 30 minutes under the peak crowd dispersal scenario. On the provision of barrier-free access in The Elements shopping mall, the Administration and WKCDA would liaise with the owner on the issue.</p> <p>Dr WONG called on the Administration to closely follow up the issue of inadequate provision of lifts in The Elements shopping mall.</p>	
011047-011315	Chairman PSHA PM(KLN)/CEDD CEO/WKCDA	<p>Regarding the beautification works for the existing pedestrian subway across the junction of Austin Road West and Canton Road, the Chairman enquired:</p> <p>(a) whether the public would be engaged in the interior design of the pedestrian subway; and</p> <p>(b) since the subway would be one of the main pedestrian passageways leading to the Xiqu Centre, whether consideration would be given to providing appropriate spaces along the pedestrian subway for displaying photographs of Xiqu/Cantonese Opera performance.</p> <p>PSHA and PM(KLN)/CEDD assured members that the design of all the pedestrian facilities linking up WKCD with its neighbouring areas would blend in</p>	

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		<p>well with the overall ambience of WKCD, for instance, Xiqu-related elements would be incorporated into the interior design of the subway. CEO/WKCDA said that the Authority would consider the Chairman's suggestion of vitalizing the space within the subway by installing light boxes, display panels, etc.</p>	
011316-011505	Mr Abraham SHEK PSHA	<p>Disclosure of interest by Mr Abraham SHEK</p> <p>Mr SHEK said that Members belonging to the Business and Professional Alliance for Hong Kong supported the proposals.</p> <p>To facilities members' consideration of the proposals, Mr SHEK requested the Administration to provide information on the percentage (in the project cost) and the amount of the in-house management cost to be payable to the WKCDA under 754CL(part) and 763CL(part), and how the percentage/amount was comparable to the management costs paid by the Administration for the projects entrusted to other parties, such as MTR Corporation Limited.</p> <p>PSHA undertook to provide the requested information after the meeting.</p>	The Administration to take follow-up action as per paragraph 7(d) of the minutes
011506-012049	Chairman Deputy Chairman PSHA	<p>The Deputy Chairman made the following enquiries:</p> <p>(a) when the Board of WKCDA had discussed the design of the proposed ASB, and during the course of discussion, whether the WKCDA Board was aware of the construction cost of the proposed works;</p> <p>(b) whether the construction cost of the integrated basement would increase due to unfavorable ground conditions; and</p> <p>(c) noting that the estimated cost for the implementation of the main integrated basement had increased from more than \$10 billion as advised by the Administration in July 2013 to around \$23 billion (inclusive of design and site investigation), a rough cost estimate given in May 2014, whether the Administration had planned to implement Zones 2A, 2B and 2C; if yes, the estimated cost for implementing the entire integrated basement.</p>	

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		<p>PSHA advised that:</p> <p>(a) The design of the proposed footbridge had been presented to the Board of WKCDA. The Board had not been informed of the construction cost then, because the cost was being worked out by CEDD and had not been finalized.</p> <p>(b) The rough cost estimate of around \$23 billion for the main integrated basement and the associated PIW had been derived in mid-2013 based on WKCDA's preliminary basement layout plans/site investigation results and the assumption that the construction of the whole integrated basement would be completed in one go by 2020.</p> <p>(c) The estimated cost for implementing Zones 3A, 3B (i.e. \$6 billion) and 2B (i.e. \$4 billion) of the integrated basement and associated PIW was about \$10 billion. However, the cost estimate for the remaining portions of the integrated basement (i.e. Zones 2A and 2C) was not available yet. That said, the funding proposal regarding 763CL presented at the meeting was the last funding proposal to the Finance Committee ("FC") for implementing Zones 3A and 3B of the integrated basement and associated PIW.</p> <p>In reply to the Chairman's enquiry on the progress of the first and second stages of design, site investigation and construction works of the integrated basement, PSHA advised that the relevant construction works for Zones 3A and 3B had been entrusted to WKCDA and were expected to complete in the first quarter of 2019, while the design and site investigation works for Zones 2A, 2B and 2C would be substantially completed by the fourth quarter of 2019.</p>	
012050-012347	Dr YIU Chung-yim PM(KLN)/CEDD PSHA CEO/WKCDA	<p>Dr YIU Chung-yim was concerned that there might be cost overrun for the WKCD project if there was no cap on the in-house management cost payable to WKCDA. He enquired whether WKCDA would set a limit on the in-house management cost for entrusted works; if yes, the details.</p> <p>PM(KLN)/CEDD advised that WKCDA would be reimbursed for its actual in-house management cost subject to a cap. The Administration was discussing with WKCDA for an agreed cap for the</p>	

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		<p>in-house management cost before making a submission to FC.</p> <p>PSHA and CEO/WKCDA supplemented that no on-cost payment had been made for previous works for the integrated basement entrusted to WKCDA. Under 754CL(part) and 763CL(part), WKCDA would be reimbursed for the actual costs incurred in relation to the management, supervision and construction of the proposed entrustment works by their consultants and contractors, and separately for WKCDA's actual in-house management cost incurred.</p>	
012348-012922	Mr LEUNG Kwok-hung PSHA PM(KLN)/CEDD	<p>Given that the Administration had planned the topside of Zone 2B of the integrated basement for hotel/office/residential ("HOR") developments, Mr LEUNG Kwok-hung sought explanation from the Administration for not taking forward site investigation works for Zones 2A, 2B and 2C of the integrated basement earlier.</p> <p>PSHA and PM(KLN)/CEDD made the following points:</p> <p>(a) While the topside facilities of Zone 2B of the integrated basement were mainly HOR developments to be developed by private developers, there had been new developments regarding the development right for the HOR sites. The Administration had decided to provide WKCDA with an enhanced financial arrangement by granting it the government-owned development rights of the HOR portion of WKCD.</p> <p>(b) Before taking forward site investigation works for Zones 2A, 2B and 2C of the integrated basement, it was necessary for the Administration to keep track of any possible changes to the development plans for the HOR sites.</p> <p>(c) Following the abovementioned decision of granting WKCDA the development rights for the HOR sites, it was lately planned that the major portion of the gross floor area ("GFA") of the HOR sites would be developed into rental offices, while a small portion would be developed into rental residential units. The GFA of the latter would be lower than the approved upper limit.</p>	

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		Such information was useful for determining the extent of site investigation works for Zones 2A, 2B and 2C of the integrated basement. The tender exercise for the consultancy for Zones 2A, 2B and 2C of the integrated basement, conducted earlier this year, had been slightly deferred.	
012923-013531	Chairman Dr Helena WONG PM(KLN)/CEDD PSHA CEO/WKCDA	<p>Dr Helena WONG enquired whether the Administration would lease out the advertisement spaces in the pedestrian facilities (including the proposed ASB and the existing subway) so as to generate revenue to finance the maintenance of the facilities.</p> <p>PM(KLN)/CEDD and PSHA advised that:</p> <p>(a) Under the proposed subway beautification works, light boxes would be installed inside the subway which could be used for publicity. The Administration would explore the feasibility of installing advertisement light boxes on the proposed footbridge.</p> <p>(b) Given that the existing pedestrian subway was the main pedestrian linkage between Xiqu Centre and MTR Austin Station, advertisement spaces in the subway should mainly be provided for promoting the programmes and events organized by WKCDA.</p> <p>CEO/WKCDA supplemented that the Authority would take into account various factors including the arrival experience of visitors to WKCD, before deciding on suitable locations for installing light boxes or steel brackets.</p> <p>In response to the Chairman's enquiry, PSHA advised that WKCDA would not be charged for using the advertisement spaces in the subway for promoting WKCD's arts and cultural events.</p> <p>In reply to Dr WONG's suggestion on the provision of a traveller or benches on the proposed bridge for the use of elderly pedestrians, PSHA advised that the Administration had no plan to install a traveller but could consider providing seats along the bridge.</p>	
013532-014046	Mr Abraham SHEK PSHA	<p>Mr Abraham SHEK expressed the following views:</p> <p>(a) The Administration should exercise caution in</p>	

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		<p>monitoring the WKCD project while WKCD should have appropriate safeguards to ensure its independence and proper exercise of its professionalism, since the original intention of setting up WKCD as an independent statutory body was to allow reasonable flexibility in WKCD's operation. WKCD should not allow itself to be led by the nose by the Administration.</p> <p>(b) WKCD should consider seriously whether to undertake to have a pre-set limit on the in-house management cost that it would receive for entrusted works, taking in view that project costs would be affected by various unknown factors.</p> <p>PSHA advised that the Government would not intervene in the daily operation of WKCD and the in-house management cost to be paid to WKCD in relation to entrusted works would be agreed between the Government and WKCD prior to the award of the agreement and contract.</p> <p>Mr SHEK disagreed with the view that the Administration should generally provide alternative options of proposed public works projects to FC/PWSC/relevant committees for members' consideration.</p>	
014047-014812	Mr LEUNG Kwok-hung PSHA PM(KLN)/CEDD	<p>Expressing concern on the possible increase in WKCD's project management cost arising from cost escalation of the proposed works projects, Mr LEUNG Kwok-hung enquired:</p> <p>(a) whether the Administration had set a ratio of the management cost payable to WKCD to the project cost under both 754CL(part) and 763CL(part); if yes, the details;</p> <p>(b) how the Administration would enhance the transparency of the formulation of the management cost; and whether the Administration would seek additional funds from FC if the management cost exceeded the pre-set ceiling; and</p> <p>(c) whether any mechanism was in place (e.g. introducing incentives or imposing sanctions) for the two proposed works projects to tackle the cost overrun problem, if any.</p>	

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		<p>In response, PSHA and PM(KLN)/CEDD advised that the ratio of the in-house management cost to the project cost for each of the two funding proposals would be determined by the Administration based on objective criteria, e.g. complexity and duration of the proposed works, manpower, etc. WKCDA would only be reimbursed for the actual cost incurred in relation to the management, supervision and construction of the entrustment works. The amount of the management cost to be paid to WKCDA for each of the two proposed projects would be stated clearly in the funding proposals to be submitted to FC.</p>	
014813-015319	Chairman Deputy Chairman PSHA	<p>The Deputy Chairman expressed/raised the following views/enquiries:</p> <ul style="list-style-type: none"> (a) The Administration should have provided more information on the estimated cost and alternative options for ASB to facilitate the consideration of the Board of WKCDA. (b) Taking in view that the Administration would grant WKCDA the development right of the HOR portion of WKCD under the enhanced financial arrangement and the topside facilities of the integrated basement were mainly HOR facilities which would generate profits for the commercial sector, the Deputy Chairman questioned the justification for the Government to finance the development of the portions of the integrated basement above which HOR would be developed. (c) The Administration/WKCDA should provide as soon as possible the financial assessment on the enhanced financial arrangement and an estimation of the total amount of funds to be further sought from FC for implementing the WKCD project. <p>PSHA advised that:</p> <ul style="list-style-type: none"> (a) Although the WKCDA Board had not been informed of the estimated cost for the construction of ASB when the project was discussed by the Board, it had requested the Administration to conduct a tender exercise so that the Administration would have a better estimation of the amount of funds to be sought 	

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		<p>from FC for the project.</p> <p>(b) Under the enhanced financial arrangement for WKCD, WKCDA would not sell any land or premises in WKCD to any developer. WKCDA would retain the ownership of the HOR developments so as to produce stable recurrent rental income. Hence, the Government would continue to fund the development of the integrated basement.</p> <p>(c) As the assumptions adopted in the financial assessment on the enhanced financial arrangement involved commercially sensitive information, the disclosure of it would affect the relevant tendering process. The Administration would have to further consider an appropriate way to make the results of the financial assessment known to members of the Joint Subcommittee.</p>	
015320-015710	Dr YIU Chung-yim PSHA PM(KLN)/CEDD	<p>Dr YIU Chung-yim enquired about:</p> <p>(a) under 763CL, whether the project scope would cover the remaining foundation works located within an area that had been occupied by the Hong Kong Section of the XRL project and handed over to WKCDA lately; if yes, the estimated cost; and</p> <p>(b) whether information relating to site investigation for Zone 3B of the integrated basement was available.</p> <p>PSHA and PM(KLN)/CEDD advised that WKCDA had provided advance funding for taking forward the remaining foundation works for Zone 3B of the integrated basement and the associated consultancy fees on an unconditional basis, and when applying for funds for the third stage of construction works of the integrated basement, the Administration would seek FC's approval for reimbursing WKCDA with the cost incurred in delivering the remaining foundation works for Zone 3B of the integrated basement. The cost was estimated to be about \$50 million in MOD prices and had been included in the funding proposal.</p> <p>In response to Dr YIM's further enquiry, PSHA and PM(KLN)/CEDD advised that the proposed works under 763CL included the construction of essential</p>	

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		basement structure in Zone 3B, underground road in Zone 3B, remaining works for the remaining section of the underground road in Zone 3A, and the associated works. The proposed works also included the protection works for the existing AET and associated works in Zone 3B of the integrated basement. Plans of the proposed essential basement structure in Zone 3B of the integrated basement were given in the Administration's paper.	
015711-020144	Chairman	Extension of meeting for 15 minutes Suspension of meeting for five minutes to facilitate Joint Subcommittee members to participate in the voting on a motion at a meeting of the Panel on Transport	
020145-020727	Chairman Deputy Chairman PSHA PM(KLN)/CEDD	On the project costs of the proposed ASB vis-à-vis other footbridges, PSHA advised that the estimated cost for the proposed ASB broadly comprised three cost components, including the construction costs for the bridge deck and the cover; foundation works; and ancillary works including staircase, lift tower, electrical and mechanical works. The respective proportions of these cost components to the total project cost estimate of the proposed ASB were similar to those of some other government footbridge projects. In response to the questions raised by the Chairman and the Deputy Chairman on the proposed ASB, PSHA and PM(KLN)/CEDD advised that air-conditioning systems would not be installed in ASB, which would be a covered bridge, and natural ventilation would be adopted through the gaps between the glass louvers. Voting on whether the Joint Subcommittee supported the submission of the two funding proposals to PWSC for consideration	
Agenda Item IV –Any other business			
020728-021737	Chairman CEO/WKCDA Deputy Chairman Dr Helena WONG Mr LEUNG Kwok-hung PSHA	CEO/WKCDA advised that the public consultation exercise on the Hong Kong Palace Museum ("HKPM") project had ended on 8 March 2017 after a two-week extension from the original timeframe. WKCDA had appointed an independent consultant, Consumer Search Group ("CSG"), to conduct a thorough analysis of all the submissions and views	

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		<p>gathered during the public consultation period. While CSG was finalizing the report on the public consultation exercise, they had prepared the key findings which would be presented to the Consultation Panel in the afternoon of the day. When the final report was completed, it would be made publicly available and WKCD stood ready to brief members on the outcome of the public consultation exercise.</p> <p>The Deputy Chairman enquired when the final report of the consultation exercise would be ready. The Chairman and the Deputy Chairman enquired whether WKCD would brief members on the report at the next meeting of the Joint Subcommittee to be held in June.</p> <p>Dr Helena WONG expressed the following views:</p> <p>(a) Only limited information was available at the exhibition at City Gallery in Central organized by WKCD as part of the public consultation exercise on the development of HKPM in WKCD, and the consultation period was rather short.</p> <p>(b) Since the then Chief Secretary for Administration and Chairman of the Board of WKCD ("CS cum WKCD Board Chairman") had not consulted the public before she signed a Memorandum of Understanding of Cooperation ("MOU") on the HKPM project with the Director of the Palace Museum in Beijing, there were concerns about procedural unfairness in WKCD's decision to take forward the HKPM project.</p> <p>(c) Before the implementation of the HKPM project, the Joint Subcommittee should hold a meeting for the public and stakeholders to express views to the Administration and WKCD on the HKPM project generally and, in particular, on its design and operation, public aspiration, etc.</p> <p>CEO/WKCD advised that:</p> <p>(a) The final report on the public consultation exercise on the HKPM project would be made available for viewing by members of the public soon.</p>	

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		<p>(b) Following the signing of MOU between WKCD and the Palace Museum on 23 December 2016, the Board of WKCD had yet to make a decision on the way forward for the proposed development of HKPM in WKCD.</p> <p>Mr LEUNG Kwok-hung opined that WKCD should clarify whether it would take forward the HKPM project in accordance with the MOU signed by the then CS cum WKCD Board Chairman.</p> <p>The Deputy Chairman considered that a meeting to receive public views on the development of HKPM in WKCD should be arranged before the Board of WKCD decided on whether to go ahead with the HKPM project (i.e. by 23 June 2017, 6 months after the signing of the MOU).</p> <p>PSHA advised that the public consultation exercise conducted by WKCD had been as comprehensive as possible and members of the public were given the opportunities to express freely their views on the HKPM project, including whether they supported the project or not, and all the views gathered would be covered in the key findings to be released. As the eight-week public consultation exercise had already completed on 8 March, the Board of WKCD would be in a position to decide on the way forward upon the finalization of the report on the public consultation exercise. An agenda item for reporting the outcome of the public consultation exercise had already been proposed for the Joint Subcommittee meeting on 13 June 2017. WKCD and the Government stood ready to brief the Subcommittee earlier if members decided to hold an additional meeting.</p> <p>The Chairman said that he would consider whether to arrange a meeting for receiving public views on the HKPM project.</p>	
021738 - 021835	Chairman	<p>Date of the next meeting</p> <p>Items for discussion at the next meeting</p>	