

For Information

**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 21 April 2017

**754CL(part) - Implementation of the Infrastructure Works for
West Kowloon Cultural District, Phase 1**

**763CL(part) - Implementation of the Integrated Basement for
West Kowloon Cultural District**

The Administration was requested to provide the following information:

- (i) detailed breakdown of the estimated costs for the main section and the remaining section of the proposed Artist Square Bridge; and how such estimation was arrived at, such as whether there were any anticipated technical difficulties in the construction of the bridge, if yes, the details; examples of footbridges constructed at different cost levels; and a breakdown of the estimated expenses on the contingencies and price adjustment of the second construction package of infrastructure works under 754CL(part).**

We are reviewing the Artist Square Bridge (ASB) project with the West Kowloon Cultural District Authority (WKCD) and will consult the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project (Joint Subcommittee) on the updated funding proposal of 754CL(part) at a later stage. In this connection, the portion relating to the ASB has been taken out from the project scope and funding application of 763CL(part) which would be considered by the Joint Subcommittee at its meeting on 29 May 2017.

- (ii) **the percentage (in the project cost) and the amount of the in-house management cost to be payable to the WKCD Authority 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 the MTR Corporation Limited.**

For 763CL(part) (integrated basement), WKCDA will be reimbursed for their actual in-house management cost incurred capped at a sum of \$60.3 million (in September 2016 prices), being about 2% of the total estimated cost of the project, mainly based on the estimated resources to be deployed by WKCDA.

For 754CL(part) (ASB and other infrastructure works), we will provide the proposed in-house management cost payable to WKCDA when we consult the Joint Subcommittee upon completion of the review mentioned in paragraph (i) above.

WKCDA's in-house management cost covers the services stipulated in the entrustment agreement, including but not limited to, procurement of construction contracts for the entrusted works, procurement of consultancy services for contract administration and site supervision including employment and management of resident site staff, management and supervision of contractors and consultants, other services such as reporting to the Government on cost and programme of the entrusted works. In general, the scope of services to be provided by the trustee under an entrustment agreement is customized to meet the specific needs of the project, taking into account the nature of the entrusted works, expertise and in-house resources of the trustee, and all other relevant circumstances. It may not be appropriate to make a direct comparison between the proposed in-house management cost payable to WKCDA for the entrusted works under the WKCD project and the project management costs for entrusted works in respect of projects of a different scale, nature and complexity, such as railway projects.

**Home Affairs Bureau
Civil Engineering and Development Department
May 2017**