



**Board of West Kowloon
Cultural District Authority
Press Conference**

28 June 2013



Purpose



- To provide an update on the financial situation of the WKCD Project
- To outline a strategy to execute the Project in a timely and cost-effective manner
- To announce the winning design team for M+, the museum for visual culture

Key Milestones in the Development of the WKCD

Date	Key Milestone
6/2006	CE appointed Consultative Committee (CC) on Core Arts and Cultural Facilities of WKCD.
9/2007	CC submitted recommendations to government.
9/2007 – 12/2007	Public Engagement (PE) on CC recommendations.
7/2008	LegCo passed the West Kowloon Cultural District Authority (WKCDA) Bill. LegCo Finance Committee approved provision of one-off upfront endowment of \$21.6 billion to WKCDA to implement the WKCD project.
10/2009 – 10/2011	WKCDA conducted a three-stage PE exercise in preparing the WKCD Development Plan (DP).

Key Milestones in the Development of the WKCD (*Cont'd*)

Date	Key Milestone
12/2011	Taking into account the views collected in the PE exercise, WKCDA prepared the DP based on Foster + Partners' "City Park" concept and submitted it to the Town Planning Board for consideration.
9/3/2012	WKCDA conducted design competition for the Xiqu Centre, and received 54 conforming submissions.
17/9/2012	WKCDA conducted design competition for the M+, and received entries from 80 teams.
10/12/2012	Result of the Xiqu Centre design competition announced at press conference.
8/1/2013	Chief Executive in Council, under section 9(1)(a) of the Town Planning Ordinance, approved the draft WKCD DP.
28/6/2013	Result of the M+ design competition will be announced.

The 4th Term of the HKSARG's Commitment

“We will continue to give strong support to the West Kowloon Cultural District (WKCD) Authority in implementing the project to set up arts and cultural facilities and enhance cultural software in tandem. Despite rising construction costs, we will adhere to our original plan.”

- Chief Executive's 2013 Policy Address

The 4th Term of the HKSARG's Commitment (*Cont'd*)

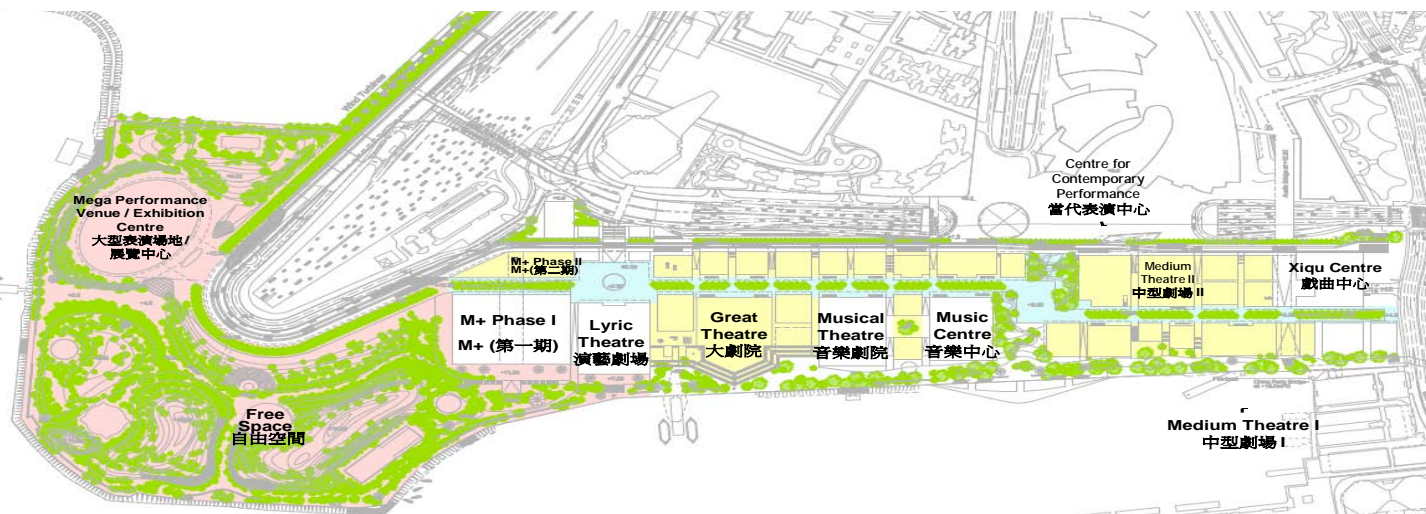
“The new Administration and I are fully committed to realising the vision of WKCD and prepared to bring the project to new heights and to deliver concrete results over the term of this Government.”

- Chairman of the Board of the WKCD Authority,
Statement in 2011/12 Annual Report

Accomplishments in the past 12 months

- Approval of the Development Plan by the Chief Executive-in-Council in January 2013

Core Arts and Cultural Facilities in WKCD 西九文化區的核心文化藝術設施



Accomplishments in the past 12 months (*Cont'd*)

- Selection of winning design and design team for Xiqu Centre – Bing Thom (Canada) & Ronald Lu (Hong Kong)
- Construction due to commence in 2013, for completion in 2016



Accomplishments in the past 12 months (*Cont'd*)

- Selection of winning design and design team for M+ in June 2013 – to disclose in a moment
- M+ Design Competition has attracted 80 entries and the 6 shortlisted teams are internationally renowned

Accomplishments in the past 12 months (*Cont'd*)

- Audience building and good use of the WKCD site

West Kowloon Bamboo Theatre



Drum Festival



Mobile M+: Inflation



Freespace Fest



Financial Situation

- An upfront endowment of \$21.6 billion approved by LegCo Finance Committee in July 2008
- Through prudent investment, total funds available (net of expenditure incurred in past few years) grow to \$23.6 billion as at March 2013
- Within \$21.6 billion, some 73% or \$15.7 billion is for design and construction of various facilities. Taking into account investment return, the amount available is now \$17.8 billion

Rising costs to build various facilities due to –

- (1) high construction cost inflation in Hong Kong in recent years

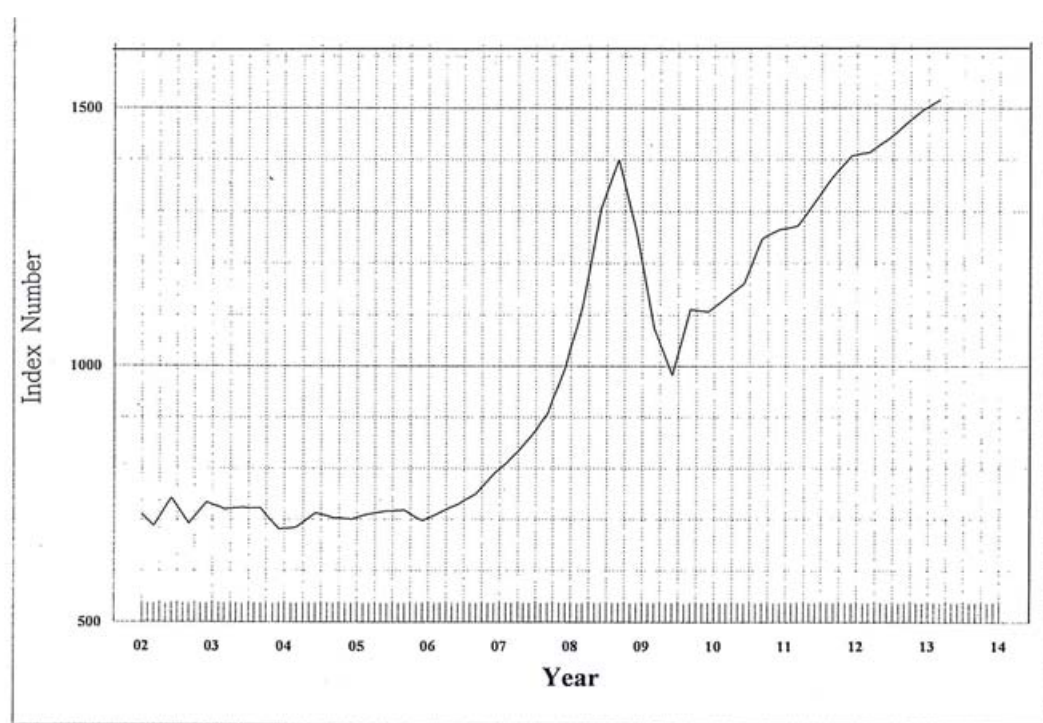
Architectural Services
Department

**Building Works
Tender Price Index**

Q3 2006 TPI: 751

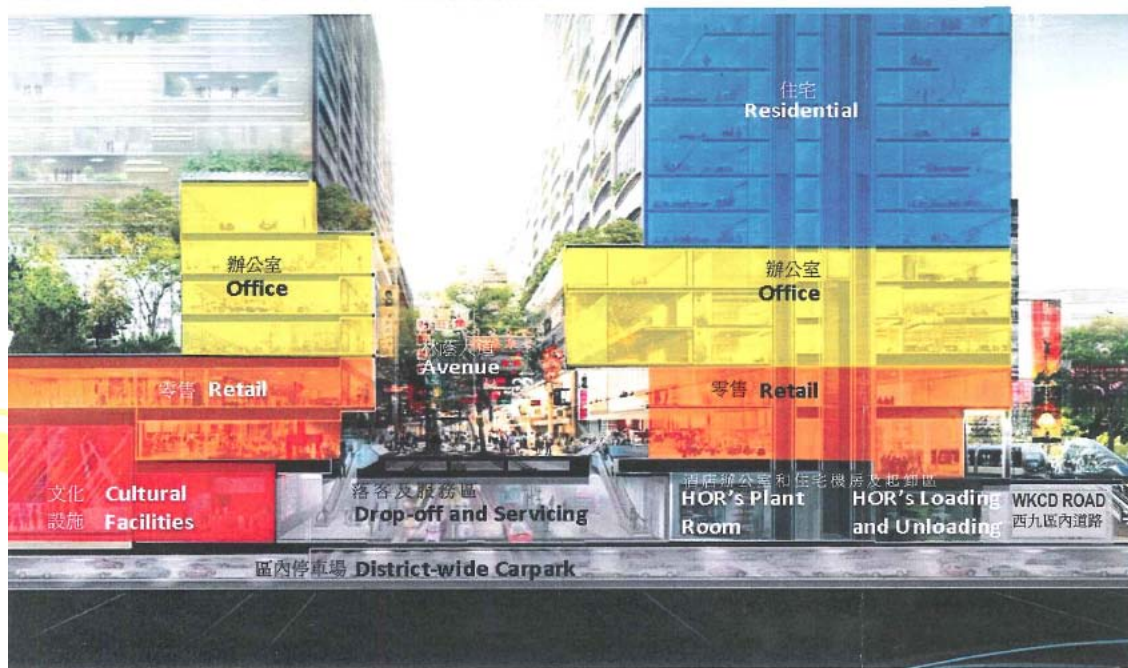
Q1 2013 TPI: 1516



(102% increase)



- (2) A huge common, integrated basement as an integral part of the approved Development Plan justified to meet the statutory minimum requirement for 23 hectares of public open space and provide a pleasant, traffic-free pedestrian environment

City : integrated, dense, vibrant, mixed-use environment
城市：綜合、密集、充滿活力、混合用途的環境



- 
- (3) additional project scope to meet public aspirations during the public engagement on Development Plan e.g. District Cooling System, green features, information and communication technology, more education facilities, etc.
 - (4) longer time taken to complete the master planning and planning approval process. Hence, the commencement of construction of the various facilities has been delayed.
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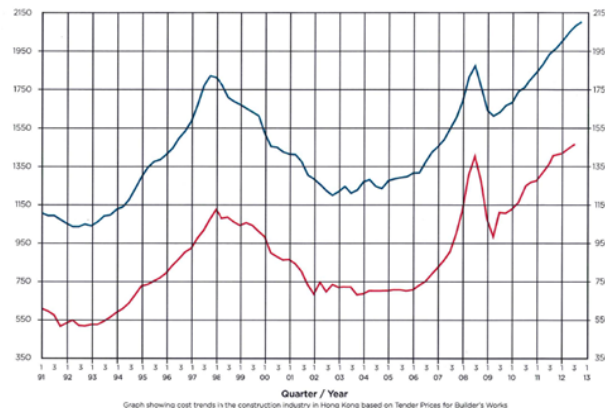
Despite rising construction costs -

- we do **not** intend to seek any additional funding injections to WKCDA in the next few years, until at least completion of a first batch of facilities for public enjoyment
- we do **not** have a revised budget of \$47.1 billion
- for a project spanning two decades, significant fluctuations in cost are inevitable. Any revised estimate is no more than a ballpark calculated on a set of assumptions

TENDER PRICE INDICES IN HONG KONG

RLB=Rider Levett Bucknall
(Private Sector)

ASD=Architectural Services
Department (Public Sector)



A Pragmatic Approach to Implement the WKCD Project: Reduce Cost

- rigorous cost containment of each and every facility to a level as close to the original case as possible
- emphasis on content rather than form of these facilities
- early delivery of the Park as well as some arts and cultural facilities

A Pragmatic Approach to Implement the WKCD Project: Reduce Cost (*Cont'd*)

Examples of cost containment

- Xiqu Centre : at least \$100 million savings already identified from the \$2.7 billion cost estimate
- M+ : increase in cost considerably less than the TPI inflation since 2006
- Alternative approach to deliver the Park and some arts facilities within the Park
- Explore wholly privately funded option to deliver Mega Performance Venue and Exhibition Centre
- Develop a modular theatre of 1200-1500 seats with private sector participation for early use instead of waiting for a permanent theatre

A Pragmatic Approach to Implement the WKCD Project: Increase Revenue

- Government will fully fund the common, integrated basement in addition to public infrastructure works (roads, drains, sewerage, etc.)
- WKCDA to proactively explore donation, sponsorship, fund raising through granting of naming rights of certain facilities
- WKCDA with government support to seek a minor relaxation to the 1.81 plot ratio, yielding additional GFA for various uses

Delivering the WKCD facilities in batches

1 st batch	Part of the Park (including the Arts Pavilion)	2015
	Free Space (including a blackbox and an outdoor stage)	2015
	A modular theatre	depending on private sector interest
	Xiqu Centre	2016
	M+	2017
	(Mega Performance Venue & Exhibition Centre - to explore private sector participation)	

Delivering the WKCD facilities in batches (*Cont'd*)

2nd batch

Lyric Theatre

Medium Theatre I

Centre for Contemporary Performance and resident company facilities

3rd batch

Facilities located above the central part of common basement and can only be built when the basement is ready by 2020



Winning Design and Design Team of M+ Design Competition

Herzog & de Meuron + TFP Farrells – a partnership of two leading architectural practices in the world and in Hong Kong

Total CFA : 75,785 m² (arts facilities + retail/dining/entertainment facilities)

Project Estimate to be borne by WKCDA (MOD) : about \$4.982 billion

Unit cost per m² CFA : \$65,700, belonging to Tier 3 (category with lowest cost) benchmarking project



M+ WINNING DESIGN BY
Herzog & de Meuron
+ TFP Farrells

WEST KOWLOON
CULTURAL
DISTRICT