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## Arts hub chief has to be on the money

Updated on Sep 02, 2011

Beauty, it is said, is in the eye of the beholder. A piece of art viewed as priceless by some may, in the view of others, be of little worth. Putting a price tag on our city's ambitions to build a world-class arts hub should be more straightforward. But the HK\$21.6 billion cost to taxpayers has long been a subject of debate.

So it is not surprising that eyebrows were raised when Michael Lynch, the new chief executive of the West Kowloon Cultural District Authority, suggested the project is likely to go over budget. Speaking in a Legislative Council meeting, he said its cost would easily exceed the HK\$21.6 billion approved in 2008 because of inflation and low investment returns.

He did not say if Legco would be asked to approve extra funding. But new features laid out in the latest development plan, such as underground facilities and green features, including a centralised cooling system, automatic refuse collection and advanced recycling system, are estimated to cost HK\$4 billion.

For a project of that scale, it is not unusual for estimates on costs ultimately to prove insufficient. Inflation hit a high of 7.9 per cent last month, the highest in 16 years.

Soaring construction costs have significantly increased the budget of other big projects such as the high-speed-rail link between Hong Kong and Guangzhou. Lynch may have found himself in a difficult position, struggling to keep costs under control and needing to explore new sources of revenue.

But he is not alone. Executives elsewhere are faced with the same situation. This is exactly the reason why his rich experience and expertise are needed to realise our arts hub vision.

Politically, it would be difficult for the trouble-plagued authority to seek more funding without showing some initial achievements. Every effort must be made to keep costs under control and to raise funds. We have been waiting a long time for the arts hub and we want it to be a success. But care must be taken to ensure every dollar is well spent.

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## Foster's team defends West Kowloon plan

**Architects say green features have always been an integral part of the proposal and are not to blame for the HK\$4 billion in cost overruns**

Joyce Ng

Updated on *Aug 30, 2011*

Norman Foster's architectural firm, defending its design for the West Kowloon Cultural District yesterday, insisted that the plan's green features were not responsible for HK\$4 billion in cost overruns.

Spencer de Grey, a senior executive of the Foster team, which is in charge of the final design of the 42-hectare arts hub, said he did not know why the hub authority said last week that underground facilities and other green features would add an extra HK\$4 billion to the costs.

"A green approach, including an underground car park, has always been an integral part of our proposal," de Grey said. "We have a good track record of taking costs very seriously."

He denied that underground roads, car parks and the waste and water recycling systems were responsible for raising the construction costs of the HK\$21.6 billion project by HK\$4 billion, as the authority's chief executive Michael Lynch told lawmakers on Friday.

"You must ask the authority [how the sum was calculated]," he said.

He maintained that putting traffic, parking and servicing below ground was a flexible way to use space. Lynch had said the financial situation of the arts hub project was vulnerable because of high inflation, surging construction costs and low investment returns from the government's HK\$21.6 billion endowment in 2008. The authority had said, in a paper submitted to the legislature, that the economic environment in recent years was very different from the long-term assumptions used in the analysis by its financial consultant in 2006. For example, the construction costs in 2010 were 49 per cent higher than estimated.

Sin Chung-kai, board member of the West Kowloon Cultural District Authority, said neither Foster's nor the other two competing designs

fitted with the HK\$21.6 billion budget. "They went over the sum to different degrees," he said. "To be fair, we didn't make it a requirement that they must fit the figure. Each of them had their own budget."

Sin said the higher costs of building underground facilities, a key element of Foster's design, were not taken into account in the 2006 assessment, since the design came afterwards. "What we now should do is to sort out ways to increase income," he said.

With lawmakers saying they would not easily approve more money for the authority, the executives proposed new ways to raise funds.

They will review the possibility of building the more expensive mega-venues at a later stage, explore sponsorships and naming rights, and reduce the number of car parks which are underground. Foster's team is consolidating the final design with elements from the other two architect teams, taking reference from public feedback.

The ultimate design will be released for the last round of public consultation, which starts at the end of September and lasts for a month. It will then go to the Town Planning Board.

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