

16 June 2008

By fax and hand delivery

Clerk to Subcommittee on WKCD Development
and
Clerk to Bills Committee on WKCD Authority Bill
Legislative Council Secretariat
8 Jackson Road
Central
Hong Kong

Attention: Ms. Anita Sit & Mr. Wong Siu-ye

Dear Sirs

West Kowloon Cultural District Development (“WKCD”)

We are writing to register our concern with the substantial amount of retail/dining/entertainment (“RDE”) facilities planned for the WKCD.

A recent LegCo paper (WKCD-543) provided by the Home Affairs Bureau shows that:

1. The RDE part of the commercial sites will be vested in the WKCD Authority to generate rental proceeds to fund the operating costs of the Core Arts and Cultural Facilities (paragraph 3(b)); and
2. The gross floor area (“GFA”) of the RDE facilities will account for 16% of the total project area and the costs of their construction amount to HKD2.7billion (paragraph 11 and appendix 6(a)).

In terms of both scale and costs, the RDE facilities will dwarf any single one of the arts and cultural facilities in the WKCD. While we appreciate that the above information was quoted in the context of a financial analysis and the actual RDE allocation will be dealt with in the subsequent development planning process, we have to confess that these numbers by themselves look very alarming indeed.

The Real Estate Developers Association of Hong Kong is in full support of the setting up of a WKCD Authority. We have stressed time and again the guiding principle that the WKCD Authority should not be allowed to grow into a publicly-funded corporation in competition with the private sector, and in particular, that the RDE facilities should be genuinely ancillary and limited to servicing the patrons of the

venues within the WKCD. (Please see our previous submissions to the Subcommittee on WKCD Development dated 8 October 2007 and 8 January 2008.)

We are not convinced that there is a genuine demand for such a huge mass of RDE space within the WKCD as projected in the aforementioned financial analysis, given that there are already very well-developed retail clusters in its vicinity. The 16% project area reserved for the RDE facilities will translate into a GFA of 119,000 sq.m., which is even more substantive than the Elements Mall (93,800 sq.m.) at the neighbouring Kowloon Station. This massive supply of additional retail space in an already extensive retail sector in the vicinity will invariably dilute the market. Our members are not afraid of competition. What we find to be objectionable is the non-level playing field.

As a matter of principle, we are unable to support the funding model as proposed whereby the operating costs of the Core Arts and Cultural Facilities are to be met by the rental proceeds from the RDE facilities. We maintain that any RDE facilities to be provided should be genuinely ancillary and limited to servicing the patrons of the venues within the WKCD. A glut of retail space created by the action of the WKCD Authority would hardly be in the interest of the community.

Yours sincerely

Louis Loong
Secretary General