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**Comments on
West Kowloon Cultural District**

The Real Estate Developers Association of Hong Kong

18 November 2003

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of The Real Estate Developers Association of Hong Kong
on West Kowloon Cultural District**

In line with the views expressed today by the various deputations, The Real Estate Developers Association of Hong Kong (“REDA”) fully accepts that we need to enhance and improve Hong Kong’s cultural and artistic aspects, but the question is how this can best be achieved.

Following are three fundamental questions we need to answer:

1. Are the various arts and cultural facilities prescribed by the Government in its Invitation for Proposal document the ones we need?
2. Do we need a separate cultural district to house all such facilities?
3. Given the current fiscal situation, can we afford them, in terms of both capital expenditure and operating costs?

We would be fooling ourselves if we thought that there would be no cost to the public when all costs would be borne by the proponent. The reality is that the cost of construction will be factored into the tender price and at the end of the day it will come out from the public coffers.

Bundling facilities of this scale with property development could easily disrupt the operation of a free market. With 490,000m² intended for commercial and residential uses v. 230,000 m² for cultural facilities (according to Government’s baseline), West Kowloon Cultural District is without a shred of doubt a real estate development despite Government’s claim otherwise. We have difficulties in getting a clear picture from the Invitation for Proposal document of the total GFA that will be permitted for non-cultural facilities. If it is meant to be 490,000m², then this must be stated as a maximum allowed. It is also unclear as to how the proposals are to be evaluated.

What is clear is that the sheer scale of the development will limit qualified proponents to a very small number, and would therefore unlikely yield the highest return to public coffers.

Recent reports have portrayed REDA as trying to defend its sectoral interests by disregarding the wider public interest and developers as trying to cream off the profits from this project and let the Government pick up the loss-making pieces. Quite to the contrary, it is the wider public interest that we have in mind in raising the above questions. As evidenced from the views expressed

this morning, it is apparent that many members of Hong Kong's wider community have serious reservations about the manner of this proposal.

If Government truly believes that the proposed cultural facilities are for the good of Hong Kong, then it should put forward this proposal for public consultation and submit the project to the Finance Committee. It should not avoid LegCo's scrutiny through hidden subsidy.

If upon a genuine consultation, the public accept the need for and the associated costs of such facilities, we would propose that:

- the supporting infrastructure (including the canopy, the core facilities, etc) to be provided by Government through a genuine public-private partnership. The rest of the district can be parcelled up for sale through the Land Application List system.
- proceeds from land sales can then be put into a trust fund to finance the construction and the ongoing operation of the arts and culture facilities.

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