

**立法會**  
*Legislative Council*

LC Paper No. FC22/09-10  
(These minutes have been seen  
by the Administration)

Ref : CB1/F/1/2

**Finance Committee of the Legislative Council**

**Minutes of the 23rd meeting  
held at the Legislative Council Chamber  
on Friday, 10 July 2009, at 5:05 pm**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Dr Hon David LI Kwok-po, GBM, GBS, JP  
Hon Fred LI Wah-ming, SBS, JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LEUNG Yiu-chung  
Dr Hon Philip WONG Yu-hong, GBS  
Hon WONG Yung-kan, SBS, JP  
Hon LAU Kong-wah, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Miriam LAU Kin-yea, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon LI Fung-ying, BBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Albert CHAN Wai-yip  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP

Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Hon Tanya CHAN  
Dr Hon Priscilla LEUNG Mei-fun  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi  
Hon WONG Kwok-kin, BBS  
Hon WONG Yuk-man  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP

**Member absent:**

Hon CHIM Pui-chung

**Public officers attending:**

Professor K C CHAN, SBS, JP

Secretary for Financial Services and the  
Treasury

Mr Stanley YING, JP

Permanent Secretary for Financial Services  
and the Treasury (Treasury)

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Dr York Y N CHOW, GBS, JP	Secretary for Food and Health
Ms Sandra LEE Suk-yee, JP	Permanent Secretary for Food and Health (Health)
Mr Thomas CHAN Chung-ching	Deputy Secretary for Food and Health (Health)2
Dr CHEUNG Ngai-tseung	Consultant (eHealth), Food and Health Bureau
Dr CHOY Khai-meng	Consultant (Public-Private-Partnership), Food and Health Bureau
Mr Jeremy GODFREY	Government Chief Information Officer
Mrs Rita LAU NG Wai-lan, JP	Secretary for Commerce and Economic Development
Miss Margaret FONG Shun-man, JP	Commissioner for Tourism
Mr Clement LEUNG Cheuk-man, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)2
Mrs Helen CHAN, JP	Government Economist
Ms Ellen CHOY Hiu-fun	Assistant Commissioner for Tourism (5)

**Clerk in attendance:**

Mrs Constance LI	Assistant Secretary General 1
------------------	-------------------------------

**Staff in attendance:**

Ms Anita SIT	Chief Council Secretary (1)4
Mr Simon CHEUNG	Senior Council Secretary (1)5
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Mr Frankie WOO	Legislative Assistant (1)2

---

**Item No. 1 - FCR(2009-10)36**

**RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE  
MADE ON 17 JUNE 2009**

**Item No. 2 - FCR(2009-10)37**

**CAPITAL WORKS RESERVE FUND  
HEAD 710 – COMPUTERISATION**

**Government Secretariat: Food and Health Bureau (Health Branch)**

- **New Subhead "Development of a Territory-wide Electronic Health Record Sharing System"**

The Committee resumed discussion of the two items carried over from the last meeting. The Chairman said that each member wishing to speak would be allowed a speaking time of up to five minutes.

2. Ms Cyd HO said that on account of the potential benefits the proposed electronic healthcare record (eHR) sharing system would bring to patients, she supported the proposal. She also agreed to the proposal for providing dedicated directorate support for the eHR sharing system. She pointed out that at present, it was difficult and time-consuming for a patient to obtain a medical report from the Hospital Authority. It was also not possible to ascertain that such medical reports contained all relevant medical records. She considered that there should be strict guidelines for doctors to follow in inputting patients' clinical details to the eHR sharing system. She was concerned that doctors would be allowed to decide what should be input into the system, and that doctors might be allowed to amend the records freely. If that would be the case, it would be difficult for the patient and other relevant parties to acquire a complete set of medical records of the patient, and this would defeat the objective of the eHR sharing system. She also queried whether the Administration had ever consulted the Chinese medical practitioners on including them in the system, and criticized the Administration for its discriminatory attitude in this regard. She considered that the Administration should promote the development of Chinese medicine and help Chinese medical practitioners build up an effective electronic patient record system which could interface with the eHR sharing system.

3. The Secretary for Food and Health (SFH) advised that under normal circumstances, medical records should contain essential details such as the treatments and prescriptions given and also the tests conducted and the results. For medical reports, these would also contain views and analysis of the attending doctor on particular cases. With the keeping of medical records in the eHR sharing system, he believed that it would be possible to avoid wastage of resources caused by duplicated laboratory and radiology tests. On the participation of the Chinese medicine sector in eHR sharing, SFH said that it was important to promote the use of computers in the sector in the first phase of the development. He affirmed that the Administration

would consult the sector on e-HR sharing through the Steering Committee on e-HR Sharing. As regards alteration of medical records in the eHR sharing system, SFH advised that the system would be so designed that all subsequent deletions/alterations of medical records would be recorded and retrievable by the system.

4. Mr Albert CHAN said that while Members belonging to the League of Social Democrats (LSD) expressed support for the broad direction of the proposed eHR sharing system, the Administration should ensure proper monitoring of the system to guard against unauthorized alterations of records and leakage/misuse of clinical data as these could lead to disastrous results. These Members also considered it discriminatory to exclude the Chinese medical sector from the consultation process and participation in eHR sharing. As such, LSD Members would abstain from voting on the proposal.

5. The Chairman put the item FCR(2009-10)36 to vote. The Committee approved the funding proposal with 37 members voting for it, one member against it and 11 members abstaining from voting. Voting results in respect of individual members were as follows --

*For:*

Ir Dr Raymond HO Chung-tai	Mr LEE Cheuk-yan
Dr Margaret NG	Mr CHAN Kam-lam
Mrs Sophie LEUNG LAU Yau-fun	Dr Philip WONG Yu-hong
Mr WONG Yung-kan	Mr LAU Wong-fat
Ms Miriam LAU Kin-ye	Ms LI Fung-ying
Mr Tommy CHEUNG Yu-yan	Mr Frederick FUNG Kin-kee
Ms Audrey EU Yuet-mee	Mr Vincent FANG Kang
Mr WONG Kwok-hing	Dr Joseph LEE Kok-long
Mr Jeffrey LAM Kin-fung	Mr Andrew LEUNG Kwan-yuen
Mr Alan LEONG Kah-kit	Mr CHEUNG Hok-ming
Mr WONG Ting-kwong	Prof Patrick LAU Sau-shing
Ms Starry LEE Wai-king	Dr LAM Tai-fai
Mr CHAN Hak-kan	Mr Paul CHAN Mo-po
Mr CHAN Kin-por	Miss Tanya CHAN
Dr LEUNG Ka-lau	Mr CHEUNG Kwok-che
Mr WONG Kwok-kin	Mr IP Wai-ming
Mr IP Kwok-him	Mrs Regina IP LAU Suk-ye
Dr PAN Pey-chyou	Mr Paul TSE Wai-chun
Dr Samson TAM Wai-ho	
(37 members)	

*Against:*

Mr LEUNG Yiu-chung  
(1 member)

*Abstention:*

Mr Fred LI Wah-ming  
Mr CHEUNG Man-kwong  
Mr Albert CHAN Wai-yip  
Mr LEUNG Kwok-hung  
Ms Cyd HO Sau-lan  
Mr WONG Sing-chi  
(11 members)

Mr James TO Kun-sun  
Mr Andrew CHENG Kar-foo  
Mr LEE Wing-tat  
Mr KAM Nai-wai  
Dr Priscilla LEUNG Mei-fun

6. The Chairman put FCR(2009-10)37 to vote. The Committee approved the item. Dr Margaret NG urged the Administration to consult the Panel on Health Services (HS Panel) as soon as possible on the legal framework and the implementation plan for the eHR sharing system. SFH said that the Administration would commence the formulation of the necessary long-term legal framework after obtaining the funding approval, and would provide an interim report to the HS Panel in due course.

**Item No. 3 - FCR(2009-10)39**

**CAPITAL INVESTMENT FUND  
HEAD 973 – TOURISM**

- **Subhead 101 Equity in Hongkong International Theme Parks Limited**
- **Subhead 102 Loan to Hongkong International Theme Parks Limited**

7. The Chairman informed members that the Panel on Economic Development (the EDEV Panel) had been consulted on the proposal at its meetings on 30 June, 4 July and 10 July 2009.

8. Mr Jeffrey LAM, Chairman of the EDEV Panel, reported that while some Panel members took the view that the proposed expansion project would help enhance the competitiveness of Hong Kong Disneyland (HKD), boost patronage of the park and improve the financial performance of the Hongkong International Theme Parks Limited (HKITP), they expressed concern that the Government had failed to provide information on the operating and financial results of the company for the past three years. They opined that the Government should take the opportunity to negotiate for disclosure of past information under the new agreement. Panel members also questioned the substantial discrepancies in the economic assessment of the expanded HKD and attendance projections conducted by The Walt Disney Company (TWDC) and by the Government. Panel members were concerned whether the new arrangements for the calculation of the management fee for the Hong Kong Disneyland Management Limited (HKDML) could adequately protect public interest. The Panel also requested the Administration to conduct more extensive consultation on the new themed areas and attractions.

9. Mr Albert CHAN and Ms Audrey EU expressed strong dissatisfaction that the management company of HKD had not sent representatives to attend the meeting. The Secretary for Commerce and Economic Development (SCED) explained that as the park management was not involved in the negotiation with TWDC, it was more appropriate for the Administration to explain the proposal to members at the meeting.

#### Investment returns and projection of economic benefits

10. Dr Joseph LEE remarked that park users would understandably look forward to a larger HKD and more new attractions. However, he was worried about the supervision of the park's operation and how public interest could be safeguarded. He was concerned about the business viability of HKD in face of competition from the proposed Shanghai Disneyland. He also asked about the time for HKITP to yield positive investment returns. SCED advised that, as stated in the Administration's paper CB(1)2206/08-09(02), HKD was expected to achieve operating surplus (i.e. \$ 0.1 billion) in 2014-2015 at the earliest. In response to the Chairman's enquiry, SCED further advised that taking into account Government's initial equity and new equity from loan conversion, the projected breakeven point for the Government's investment would be around 2029-2030 under "Case 1A" and 2044-2045 under "Case 1B". She clarified that the operating and financial results of HKD under TWDC's projections in respect of "Case 1A" and "Case 1B" had taken into account, inter alia, the potential development of a new Disney theme park in Shanghai. She remarked that the huge population and vast market of the Mainland should be able to support more than one Disneyland in China, as in the case of the United States.

11. Mr Albert CHAN said that Members belonging to the LSD strongly objected to the proposal as the HKD project was considered an exploitation of Hong Kong given the relatively small investment made by TWDC vis-à-vis the potentially large investment returns for the company. With reference to the tourist attractions operated by the Chime-Long Group in PunU and other upcoming theme parks on the Mainland, he believed that it would bring greater benefits and more job opportunities to Hong Kong if another tourism or infrastructure project (such as Container Terminal No. 10) was undertaken in place of HKD at the site. Mr CHAN expressed grave dissatisfaction with the unfair agreement between TWDC and the Government, as it had prevented disclosure of financial information of HKD in the past years, and undermined the role of the Legislative Council (LegCo) in monitoring public expenditure. It appeared to him encroachment of the dignity of Hong Kong people in "begging for" the agreement with TWDC. He regretted that the Administration had not conducted detailed study and consultation before coming up with the current proposal. SCED responded that HKD was a long-term tourism infrastructure investment and she hoped members would understand that it would take time for such projects to yield positive investment returns.

12. Mr LEUNG Yiu-chung said that he would not support the proposal as the terms of the agreement between the Government and TWDC were inequitable. He did not consider it worth taking the risk of taking forward the proposed loan-to-equity

conversion and making any further investment in the park as there was uncertainty as to when the park expansion project would yield return. He expressed concern about the discrepancy between the actual outturn of HKITP and the scenario under the initial assessment in 1999.

13. SCED set out the economic benefits that the expansion project would bring to Hong Kong, and stressed that the injection of new capital was necessary for building new attractions and improving the park operation, hence a better prospect of achieving investment returns. She hoped that the people of Hong Kong would show their support by visiting the park. As for the Government's earlier assessment of HKD's economic viability in 1999, SCED explained that it was made before the opening of the park and was based on assumptions under different possible scenarios, whereas the current assessment had taken into account the actual outturn in the past three years of operation.

14. Mr LEUNG Kwok-hung expressed objection to the proposal. In view of the increasing number of theme parks in the region, the development of a new Disney theme park in Shanghai and the uncertainty of investment return, he did not consider it worthwhile to continue with the HKD project. He suggested the Government explore with the relevant authorities whether the Shanghai Disneyland project could be shelved or the HKD be operated jointly with the Shanghai authority. He also suggested selling the Government shares of the joint venture to TWDC. In response, SCED stressed that the current proposal represented the consensus reached between the Government and TWDC. Under the proposed financial arrangements, TWDC would be contributing the necessary new capital as equity for the construction of the new attractions.

#### Transparency of operation and information disclosure

15. Mr Jeffrey LAM expressed support for the proposal. He said that having regard to the experience of other Disney theme parks, it was understandable that HKITP could not make profits in the early years of operation. He urged the park management to improve HKD's operation to curb the financial loss and make profits in the long run. Mr LAM commented that the Government had to respect the agreement with TWDC not to disclose commercially sensitive information, which was vital in preserving the image of Hong Kong as an international financial and trading hub. He considered it an improvement that under the new agreement, TWDC and the Government had agreed to make annual disclosure of HKD's main operating and financial results starting with the operation year of 2008-2009. He hoped that the Government would continue to enhance the transparency of HKD's operation.

16. Mr Fred LI expressed regret that the Administration had not provided adequate information on the operating and financial results of HKITP for the past three years, hence Members had no basis to assess the risk of making further investment in HKD but could only place bets on the Administration's proposal. Nevertheless, it appeared that if the expansion project was not taken forward, there



was no prospect of recouping the Government's initial investment. Given this dilemma, he would abstain from voting on the proposal. He urged the Administration to enhance the transparency of the operation and financial position of HKD. He also asked whether the Government's \$4 billion subordinated equity in HKITP representing land premium for the Phase 1 Site would be deployed as further investment in the park in future.

17. SCED advised that the Administration had negotiated for greater transparency of HKD's financial information under the new agreement with TWDC. As regards the subordinated shares, she explained that under the existing agreement, the subordinated shares would be converted to ordinary shares progressively under a prescribed timeframe and conditions. The financial arrangements under the current proposal would not entail any change to the conditions for the conversion of the subordinated equity. In this connection, the Chairman pointed out that the full conversion of the subordinated shares would take a very long time (i.e. within 25 years after park opening).

18. Mr WONG Kwok-hing shared the view that members had been placed in a difficult position in considering this proposal. He was concerned that if the expansion project was not taken forward, the investment made by Government in HKD in the previous years would be wasted. He urged the Government to improve the operation of HKD and enhance its transparency so as to boost public confidence in the investment put into the park.

19. Mr LEUNG Yiu-chung considered it ridiculous that the Government, being the majority shareholder of the HKITP Board of Directors, was not able to exert its influence to enable the disclosure of HKD's attendance figures and HKITP's financial performance for the past three years. As TWDC had only agreed to disclose the information from 2008-2009 onwards under the new agreement due to public pressure, he strongly doubted the sincerity of TWDC in disclosing such information in future. He reiterated that he would not support the proposal.

20. SCED said that the Government was aware of the public concern about the transparency of HKD's operation. The concern would be addressed with HKD's annual financial disclosure starting with the operation year of 2008-2009 covering business and financial indicators for both the current and the immediately prior financial year. She considered TWDC had shown sincerity in this respect, and Government would strive to strengthen the supervision of HKD's operation with regular reports to the EDEV Panel.

21. Mr Paul CHAN said that despite his reservations about insufficient transparency of financial information of HKD in the past years and the method for calculating the management fee under the new agreement, he was supportive of the proposal on consideration of the future of HKD and the relatively low downside risks of the proposed arrangements. If the expansion project was not taken forward, there would be little chance of recouping the Government's investment put in HKD. He

considered the loan-to-equity conversion an acceptable option, since the new agreement did not oblige the Government to make new loans to HKITP in the event that HKD's performance was hampered by adversities. He agreed with the Administration's view that the economic benefits and job opportunities brought about by HKD as a tourism infrastructure to Hong Kong should be taken into consideration apart from investment gains/losses. However, he was concerned that the new formula for the calculation of management fee for HKDML might not be fair to Hong Kong, in particular when compared to the arrangements offered by TWDC to Disneyland Paris when the latter suffered financial difficulty in its early years of operation. Mr CHAN further said that, as he had pointed out at the EDEV Panel meeting, there was room for further enhancing the transparency of HKD's operation. In particular, the Government should act on his suggestion of disclosing the amount of management fee and royalty payment to HKDML. He pointed out that although the amount of base management fee, as a percentage of earnings before interest, tax, depreciation and amortization, could be deduced from the key financial indicators to be disclosed in future annually, it was not the case for the variable management fee and royalty. He also considered it necessary to disclose information on loan repayment arrangements to ensure fair arrangements for the repayment on TWDC and Government loans.

22. The Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>2</sup> clarified that the TWDC loan was used to repay the earlier commercial loan, and had been accorded a higher priority than the Government loan in terms of repayment. However, after the conversion of the TWDC loan to equity under the agreed financial arrangements, the remaining Government loan would have priority over the equities of both TWDC and the Government.

23. Ms Audrey EU said that Members belonging to the Civic Party (CP) considered it a wrong decision to invest in HKD at the outset and the Government should not be involved in business ventures. These Members held strong view about the poor transparency of the park's operation. On the other hand, they understood the adverse implications on the economy and job opportunities should the expansion plan be aborted. As there were divergent views in the community about the proposal, she considered that the Government should not rush LegCo to approve the financial proposal within only 10 days. Instead, the Government should reflect Members' views to TWDC and negotiate for better terms, especially in relation to disclosure of the operating and financial results of HKITP, the use of the Phase 2 Site and the choice of new attractions in HKD. CP Members considered that it was most important to account for the use of public resources in the HKD project. Ms EU said that unless these concerns could be properly dealt with, CP Members would abstain from voting.

24. Dr Margaret NG criticized that the Government tended to push ahead its proposals on grounds of urgency and downside consequences. She found it difficult to accept the new agreement as it was only marginally more favourable than the existing agreement. As details of the past financial performance of HKITP were not

made available for Members' consideration, Members could not be assured that the new financial arrangements would serve the best interests of Hong Kong. She pointed out that the conversion of Government loan to equity still involved monetary considerations although no new capital was injected with Government funding. She urged other Members to exercise caution in considering the proposal.

25. SCED confirmed that there was urgency in securing LegCo's approval for the proposal to avoid introducing uncertainty to the agreement in principle reached between the Government and TWDC in late June 2009. She said that the park management would strive to improve the appeal of HKD as a tourism infrastructure and attract more visitors to the park. It was also opportune to make use of the HKD expansion project as a measure to help boost employment and revive the local economy. The current proposal represented the best option acceptable to both TWDC and the Government.

#### New themed areas and attractions

26. Mr Jeffrey LAM suggested the Government gauge the views of the public in determining the choice of new themed areas and attractions for the expanded HKD. Noting that four-dimensional (4-D) entertainment "Toy Story Mania" would not be included in the new themed area of "Toy Story Land", Mrs Regina IP enquired whether the attraction was reserved for the proposed Disney theme park in Shanghai. She suggested that the Administration should bargain for the introduction of more novel technology in HKD's new attractions.

27. SCED said that under the current planning of TWDC, the 4-D "Toy Story Mania" would be developed in the Tokyo Disneyland. TWDC had promised that two of the themed areas, i.e. "Grizzly Trail" and "Mystic Point", would be exclusive to HKD amongst the Disney theme parks worldwide and the remaining one ("Toy Story Land") would be exclusive amongst Disney theme parks within the Asian region within five years from their respective opening. She added that the "Toy Story Land" would feature new elements and capitalize on the renewed interest in the Toy Story series to be brought by the upcoming release of "Toy Story 3". The Administration was confident that the new attractions would bring more exciting entertainment to the young visitors. As for Mrs IP's enquiry on whether user group surveys had been conducted for determining the new attractions, SCED advised that the park management had a dedicated team to study visitors' profiles and their preferences on an ongoing basis.

28. Dr Priscilla LEUNG said that she was concerned about the lack of consultation on the new themed areas and attractions for HKD. While she observed that relatively more members of the public had expressed support for the expansion project, many Disney fans were disappointed that the "Glacier Peak" would not be included as one of the new themed areas. She enquired whether there was room for further discussion with TWDC in this connection. SCED said that TWDC had provided the site plan, graphical images and brief descriptions of the new themed

areas for Members' reference and public information. Noting that the details of the three proposed new themed areas were still being worked out, she stressed that the proposed themed areas represented the consensus reached between the Government and TWDC after discussion, and it would not be appropriate to re-open the discussion lest causing delay to the expansion works. Nevertheless, she undertook to reflect to TWDC the request from members to engage the public should further expansion be considered in future. Dr LEUNG stressed that the public wished to participate in the process for selecting new attractions for HKD, and she urged the Administration to consult the public on future expansion projects.

29. Ms Audrey EU said that CP Members supported that the public should be engaged in selecting the themed areas for HKD. For environmental reasons, CP Members had reservations about including "Glacier Peak" as one of the new themed areas in HKD.

#### Employment opportunities

30. Mr WONG Kwok-hing and Dr Joseph LEE enquired whether HKD would undertake to employ local workers for the expansion project. Mr WONG also asked if those staff previously sacked by HKD would be re-employed. SCED said that as the works associated with the HKD expansion would be undertaken in Hong Kong, the anticipated employment opportunities would benefit local workers. The some 30 staff who had been laid off by TWDC previously would be accorded priority for appointment. Mr WONG said that as SCED had given the undertaking on employing local workers and on enhancing the transparency of HKD's operation in future, he would support the proposal.

31. Mr LEE Cheuk-yan said that the Hong Kong Confederation of Trade Unions (HKCTU) and the HKD Cast Members' Union (an affiliate member of HKCTU) supported the proposal in view of the need to expand the park given its small size at present, in order to sustain the economic benefits of HKD and create job opportunities for Hong Kong. Mr LEE urged the park management to open up more channels for HKD staff to express their views, and the Administration to enact legislation on collective bargaining as soon as possible. SCED said that the Administration attached great importance to labour relations and would urge the park management to make improvements in this regard.

#### Patronage and park management

32. Referring to the total patronage of HKD in the past three operation years, i.e. 13.8 million from 2005-2006 to 2007-2008, Mr Fred LI pointed out that on average the initial target of 5.6 million per year had not been met. He requested the Administration to analyze the reasons for the under-performance and seek improvements. SCED said that park attendance was determined by a host of factors, including the prevailing macro-economic environment and the spending power of tourists. With the change in the park management personnel, there had been

improvements in the park's operation and these would be reflected in the operating and financial results for the year 2008-2009. SCED informed members that the park management had stepped up efforts to promote HKD in the Mainland, such as setting up sales office in 24 Mainland cities and capturing business opportunities spurred by the liberalization measures under the Individual Visit Scheme. Mr LI remarked that the Administration and park management should reveal the real situation of patronage with complimentary tickets separately accounted for. SCED said that in the annual financial disclosure starting from 2008-2009, business indicators including the total annual park attendance, increase/decrease in park attendance, increase/decrease in per capita park guest spending and hotel occupancy would be clearly set out for public information.

33. On supervision of the park's operation, SCED advised that the Board of Directors of HKITP, which comprised five Government directors, four Disney directors and two independent non-executive directors, would continue to play a supervisory role in the park's operation. The Commissioner for Tourism (C for T) would continue to maintain close oversight of HKD through regular dialogue with the park management and TWDC as appropriate. Dr Joseph LEE considered it inadequate to rely only on C for T on the routine supervision work. He requested the Government to lay down key performance indicators to drive and evaluate the performance of the park management, and to exercise its power in changing the management personnel where necessary.

34. Mr IP Wai-ming expressed dissatisfaction that the agreement with TWDC was unequal and unfair to Hong Kong, and that the Government did not have any say and power over the park management. In view of the heavy investment that had been made in HKD, the Government and Members were caught in a difficult position in considering whether more capital should be injected into the project. It appeared to him that Hong Kong people were being hijacked and forced to accept the proposal. He doubted whether the proposal would protect the best interests of Hong Kong. Nevertheless, he also noted that other options such as closing down the park and developing other tourism infrastructure to replace HKD would impact adversely on the employment of existing staff in HKD. Mr IP criticized the management and marketing strategies of TWDC and doubted the effectiveness of the liaison/supervisory work of C for T in this respect. He opined that the Government directors in the HKITP Board should be more assertive to protect the interests of Hong Kong people. He considered that it was not necessary for HKD to be managed by TWDC as Tokyo Disneyland was managed by a Japanese company and performed much better financially.

35. Mr Albert CHAN criticized the Government for not giving sufficient attention to the problems in HKD's operation as revealed by the past incidents. He remarked that the Pan-American characteristics of HKD and the lack of transparency in its operation had rendered the theme park a quasi-colony of the United States.

36. Mr CHAN Kam-lam stated that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the proposal. He recalled that the Government had brought in the theme park to Hong Kong amidst the economic downturn in the earlier years. Given the appeal of the famous brand Walt Disney, he envisaged that the expansion plan would make HKD more attractive and boost the patronage of the park in the long run. He however urged the Government to improve the mode of management such that the Government could exercise more influence in the operation of HKD. Referring to the remarks made by the former SCED, Mr CHAN was concerned about the limited influence the Government could exert through the Board of Directors of HKITP. He opined that the Government, being the majority shareholder of HKITP, should have more say in the day-to-day operational matters under the new agreement. He suggested the Government consider nominating more non-Government directors in place of the Government directors, so as to engage more experts in the business and tourism fields to provide input on marketing strategies and management matters.

37. Mr Paul TSE said that the tourism sector generally welcomed the HKD expansion and observed that the park management had made some improvement in marketing to suit the needs of the travel trade. However, he had some reservations about the proposal, having regard to the previous mode of park operation, non-disclosure of the operating and financial results of HKITP for the past three years, and the composition of its Board of Directors. Mr TSE suggested that more non-Government directors from the business and tourism fields should be appointed to the Board to tap into their expertise and experience.

38. SCED appealed to members for their understanding that it would not be practicable for the Board of Directors of HKITP to micro-manage the day-to-day operation of HKD. She considered it appropriate and effective for C for T to undertake the role of overseeing the park operation on a routine basis. In addition, other public officers at directorate level would also attend to matters of high importance in relation to HKD. The Administration would give consideration to the suggestions on the appointment of directors when the Board was reconstituted. She invited members to note the efforts made by the Government directors to protect the interests of HKD and the public, as illustrated by their success in securing the waiving of the management fees and deferral of the royalty payments for 2007-2008 and 2008-2009. The new park management personnel had also made improvements to the park's operation. Besides, the new arrangements to link the calculation of the management fee to park performance would serve to motivate HKDML to deliver results.

39. Ms Miriam LAU said that Members belonging to the Liberal Party (LP) supported the expansion project as HKD was too small to attract more patronage. However, they considered it inappropriate for the Administration to put the proposal to LegCo within a very tight timeframe, and Members felt pressurized to make a decision on the proposal. She asked the Administration not to allow the same to happen again. LP Members hoped that the Government and TWDC should take this

opportunity to improve the park operation, including management, facilities and the collaboration with the travel trade. Ms LAU urged the Administration to develop a new business plan to tie in with the expansion project, as it would not be adequate to rely on the new arrangements for calculating the management fee to motivate HKDML to attain better results. In her view, the park management should build up good rapport with the tourism sector and roll out attractive offers in collaboration with other tourism attractions (e.g. Ocean Park).

40. Ms Cyd HO expressed objection to the proposal. She recalled that she had voted against the HKD project in 1999 because of environmental concerns, and her objection to Government involvement in commercial ventures, including the lack of a transparent and effective control mechanism over the project. While the damages on the environment could not be restored, she said that there should be more specific measures to complement the HKD development, such as making use of the pier near HKD, providing more transport facilities to enhance the park's accessibility, partnering with other tourist attractions to offer concessionary passes and rolling out visa-free arrangements to Mainland visitors on HKD-bound itineraries.

41. SCED informed members that the park management had been stepping up marketing efforts, including joint promotions with other tourist spots in Tung Chung such as Ngong Ping 360, the Citygate and its outlet mall. C for T would follow up on the progress in this regard. She added that the sales office in 24 Mainland cities catered particularly for the marketing of HKD, with a view to increasing the number to 30 in the near future. As for the use of the pier mentioned by Ms HO, SCED said that the park management was studying different options to make better use of the facility.

#### Land use

42. Mrs Regina IP enquired about the plans for the future phases of HKD's expansion. SCED said that the current expansion project was related to the development of the remaining land at the Phase 1 Site, and there would be some 7 hectares of land remaining after the proposed expansion. The existing agreement with TWDC anticipated the Phase 2 project to take place at the land immediately to the east of the Phase 1 Site. In reply to the Chairman and Mr Paul TSE, SCED said that if the financial performance of HKITP improved after the proposed park expansion, the operating surplus so generated could be deployed to finance Phase 2 expansion. The Phase 2 Site was about 60 hectares, and another site to the east of the Phase 2 Site was intended for further expansion of HKD but the site had yet to be reclaimed and formed.

43. Mr Paul TSE noted that under the existing project agreement, HKITP was allowed an option to buy the site immediately to the east of the Phase 1 Site for second phase development of HKD, and such option would be valid for 20 years from signature, with an automatic right to extend for a further five years and a conditional right to extend for a second five-year period. The option would lapse after 20 years

if it had not been exercised or renewed, but HKITP might have two five-year extensions of which the second was conditional upon the prescribed target capacity of the park. HKITP was also granted the right of first refusal (valid for up to 10 years from the date of exercise by HKITP of the option or the expiry or surrender of the option if earlier), to buy the site to the east of the Phase 2 Site which might be reclaimed and available for disposal. Having regard to the long-term constraint so imposed on the land development, Mr TSE enquired whether the Government, being the majority shareholder of HKITP, could deploy the sites in question flexibly for purposes other than the HKD expansion. He opined that the Government should develop other tourism infrastructures at the land adjacent to HKD, so as to introduce competition and achieve synergies. He believed that this would help gain more "bargaining chips" for the Government in the future negotiation with TWDC.

44. In view of the shortage of land for development of public facilities (e.g. schools, hospitals), Ms Audrey EU said that the Government should make better use of the Phase 2 Site. She enquired whether the existing agreement contained a provision restricting the land uses of the Phase 2 Site and the sites in its vicinity.

45. SCED advised that under the existing agreement and the relevant approved outline zoning plan, the Phase 1 and Phase 2 Sites were designated for the development of Disney theme parks. The option in respect of the Phase 2 site was offered to HKITP and either the Government or TWDC could propose how the land could be used and discuss with the other party accordingly. At this stage, the Government would focus on the Phase 1 expansion, and discussion with TWDC on Phase 2 expansion would not commence in the near future. Nevertheless, the Phase 2 Site might be used for a variety of temporary purposes in accordance with the project agreement. In this connection, the Government was conducting an expression of interest exercise for the temporary use of the Phase 2 Site.

46. Mr Abraham SHEK said that Members of the Professional Forum supported the proposal. In view of the shortage of time for discussion, he would provide their views and suggestions to the Administration in writing after the meeting.

47. At this juncture, the Chairman said that she would extend the meeting for 15 minutes.

48. The Chairman put the item to vote. Ms Audrey EU requested for a division. 28 members voted for the proposal and 5 members voted against. The individual results were as follows --

*For:*

Ir Dr Raymond HO Chung-tai

Mrs Sophie LEUNG LAU Yau-fun

Mr WONG Yung-kan

Ms Miriam LAU Kin-ye

Mr Abraham SHEK Lai-him

Mr CHAN Kam-lam

Dr Philip WONG Yu-hong

Mr LAU Wong-fat

Mr Timothy FOK Tsun-ting

Ms LI Fung-ying



Mr Tommy CHEUNG Yu-yan  
Mr WONG Kwok-hing  
Mr CHEUNG Hok-ming  
Prof Patrick LAU Sau-shing  
Dr LAM Tai-fai  
Mr Paul CHAN Mo-po  
Mr WONG Kwok-kin  
Mr IP Kwok-him  
Mr Paul TSE Wai-chun  
(28 members)

Mr Frederick FUNG kin-kee  
Mr Andrew LEUNG Kwan-yuen  
Mr WONG Ting-kwong  
Ms Starry LEE Wai-king  
Mr CHAN Hak-kan  
Mr CHAN Kin-por  
Mr IP Wai-ming  
Dr PAN Pei-chyou  
Dr Samson TAM Wai-ho

*Against:*

Mr LEUNG Yiu-chung  
Mr LEUNG Kwok-hung  
Mr WONG Yuk-man  
(5 members)

Mr Albert CHAN Wai-yip  
Ms Cyd HO Sau-lan

*Abstention:*

Mr Albert HO Chun-yan  
Ms Audrey EU Yuet-mee  
Dr Joseph LEE Kok-long  
Mr KAM Nai-wai  
Dr Priscilla LEUNG Mei-fun  
(10 members)

Dr Margaret NG  
Mr LEE Wing-tat  
Mr Alan LEONG Kah-kit  
Miss Tanya CHAN  
Mr WONG Sing-chi

49. The Chairman declared that the item was approved.

**Item No. 4 - FCR(2009-10)38**

**HEAD 39 – DRAINAGE SERVICES DEPARTMENT**

- Subhead 700 General non-recurrent  
New Item "Additional cleansing of underground drains and sewers"

**HEAD 49 – FOOD AND ENVIRONMENTAL HYGIENE DEPARTMENT**

- Subhead 700 General non-recurrent  
New Item "Special improvement in environmental hygiene to combat human swine influenza"

**HEAD 63 – HOME AFFAIRS DEPARTMENT**

- Subhead 700 General non-recurrent  
New Item "Environmental hygiene improvement and community involvement projects"

**HEAD 95 – LEISURE AND CULTURAL SERVICES DEPARTMENT**

- Subhead 700 General non-recurrent

**New Item "Strengthening cleansing and disinfection services and promoting human swine influenza precautionary measures in the leisure and cultural venues"**

**HEAD 170 – SOCIAL WELFARE DEPARTMENT**

**• Subhead 700 General non-recurrent**

**New Item "Strengthening cleansing service of welfare service units"**

50. As there was insufficient time to discuss this item, the Chairman suggested and members agreed that an additional meeting be held in the following week to discuss this item.

*(Post-meeting note: An additional meeting was held at 8:30am on 14 July 2009 to discuss the item FCR(2009-10)38.)*

51. The meeting was adjourned at 7:20 pm.

Legislative Council Secretariat  
1 December 2009