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立法會 CB(1)1601/09-10(15)號文件(修訂)
LC Paper No. CB(1)1601/09-10(15)(Revised)

Honorable Chair and Members,

Development of the exhibition industry in Hong Kong

In support of deliberations over the development of the exhibition industry in Hong Kong, we submit the following:

Phase 3 Expansion of the HKCEC: A dream or a nightmare? (6 pages)

Comments by Designing Hong Kong Limited with respect to the location of additional MICE facilities in Hong Kong.

1993-1994 Legislative Council records (17 pages)

- **FCR (93-94)133 – Capital subvention to the TDC for constructing an extension to the Hong Kong Convention and Exhibition Centre**
- **FCR (93-94)144 – Capital subvention to the HKCEC for constructing an extension to the Hong Kong Convention and Exhibition Centre**
- **Entrustment agreement for the HKCEC Extension project**
- **The reclamation works**
- **Management arrangements between TDC and Polytown Company Ltd (A New World Holdings subsidiary)**

Documents highlighting the commercial arrangements between TDC, HKCEC and PolyTown (New World).

Yours sincerely,



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Phase 3 Expansion of the HKCEC: A dream or a nightmare?

On 22 July 2009 - The Chief Executive in his speech at the opening of the Phase 2 expansion of the HKCEC: "Government and the TDC are actively examining ... Phase 3 expansion ... we will ... move existing government buildings and public facilities to make room ... the TDC has made a very strong case ... Phase 3 remains my dream."

會展中心第三期擴建計劃：夢想或噩夢？

在 2009 年 7 月 22 日，行政長官曾蔭權於會展中心中庭擴建工程的落成開幕儀式上致辭表示：「政府及貿發局正積極研究...第三期擴建計劃...我們將會...遷離現有的政府大樓及公共設施以騰出空間...貿發局已提出很有力的理據...落實第三期擴建計劃仍是我的夢想。」

The mother of all traffic jams

On 24 October 2009 trucks unloading goods at the Hong Kong Convention and Exhibition Centre in Wan Chai caused traffic gridlock across Central with police reporting problems stretching 2.5 kilometres to the Shun Tak Centre in Sheung Wan. The trucks kept their engines running, sending plumes of foul exhaust fumes into the air. The HKCEC was reported to host Mega Show Part 2 - Gifts, Decor and Home, the Trade Development Council's International Lighting Fair and the UK Education Expo was just winding up.

造成交通擠塞的元兇

2009 年 10 月 24 日，受多輛貨車在灣仔會展中心卸貨影響，中環一帶的交通嚴重癱瘓。根據警方資料顯示，連綿的車龍長達 2.5 公里，由灣仔伸延至上環的信德中心。期間，貨車的引擎一直開動，不斷排放大量廢氣，嚴重污染環境。當時，會展中心正在準備舉行「亞洲展覽盛事第二部份 - 禮品、裝潢擺設及家居用品」及貿發局的「香港國際秋季燈飾展」，而「英國教育博覽會」則預備卸展。



But the HKCEC wants to become even bigger

Just three days after the massive traffic jam, the South China Morning quoted Cliff Wallace, Managing Director responsible for the HKCEC under New World, at length about the benefits of expanding the HKCEC further.

奈何會展中心意欲再度擴大其規模

就在中環和灣仔交通嚴重擠塞及癱瘓後三天，《南華早報》刊載負責管理會展中心而屬新世界的董事總經理王禮仕的專訪。在訪問中，王禮仕全力推銷會展中心再度擴建的好處和優點。

Traffic in Wanchai can't absorb another expansion of the HKCEC

In 2004, right after the HKCEC caused another massive traffic jam (23 October 2004) we objected strongly to further expansions on the basis that traffic problems in the area can never be resolved. Our view was confirmed in the 2005 submission by the Transport Department to the Expert Panel of the Harbourfront Enhancement Committee which shows that even after completion of the Central Wanchai Bypass the critical junctions in Wanchai North will be near capacity - note that the Transport Department's figures did NOT take a future third expansion of HKCEC into account!

灣仔交通配套根本無法應付會展中心再度擴建帶來的壓力

事實上，早於 2004 年，會展中心引致港島交通嚴重擠塞(2004 年 10 月 23 日)之時，基於區內的交通問題日趨惡化而且沒有改善空間，我們已曾強烈反對再度擴建會展中心。我們所持的反對見解亦載於運輸署在 2005 年向共建維港委員會專家小組呈交的報告中。報告指出即使中環灣仔繞道落成後，灣仔北交通要道的流量亦會接近飽和，充分證明我們的觀點正確。而更值得注意的是，當時此份運輸署數據亦並未考慮會展中心第三期擴建的因素！



We support new MICE facilities - but not in Wanchai!

We support additional convention and exhibition facilities in Hong Kong. In October 2009, we convinced the Town Planning Board to amend a zoning in West Kowloon to allow for meeting, convention and exhibition facilities. There is ample room for expanding AsiaWorld Expo's exhibition facilities at the Airport. There are opportunities for facilities in West Kowloon, Kai Tak and close to the border. It is unsustainable to add ever more activities along Hong Kong Island's northern shore. We have strong doubts that the new underground Central-Wanchai bypass will be able to resolve existing traffic congestion, let alone absorb new traffic. In addition, the recent air quality survey conducted by HKUST showed that Wanchai is already the district with the worst air quality in Hong Kong. Further expansion in Wanchai will no doubt deepen the problem further with greater amount of pollutants from construction during the works and from extra traffic after the completion.

我們支持增建會議展覽及獎勵旅遊的設施 - 但請勿選址灣仔！

我們支持在本港增建會議及展覽設施。去年十月，我們成功遊說城市規劃委員會修改西九龍的規劃方案，以容許興建會展設施。此外，機場的亞洲國際博覽館亦擁有充足的空間作出擴建。而西九龍、啟德及邊境地區同樣是增建會展設施的可行選址。繼續加重港島北沿岸地區的活動數量和負擔絕非可持續發展之計。對於採用隧道設計的中環灣仔繞道能否解決現行的交通擠塞問題，我們更為深表質疑，更遑論其消化新增交通流量的效果。加上，最近科大的研究報告更指出，灣仔已是全港空氣最差的地區。一旦在灣仔進行擴建，工程期間的建築污染以及擴建後的額外交通污染，勢必令問題惡化。



So why do TDC and New World fight for expanding the HKCEC?

93/94 Legislative Council documents (no copies on the web) show that TDC has signed an agreement which stops it from using any other facility in Hong Kong. New World Service Holdings has through its subsidiary Polytown an iron clad contract with the TDC for managing its HKCEC facilities. It includes a non-competition clause which states that neither the TDC nor New World shall during the term of this agreement develop or co-develop any exhibition facility other than the HKCEC. The agreement signed around 1988 is for 40 years and is extended automatically every 10 years thereafter as long as New World does not mess up.

In return for building the first 30,000sq.m. of the HKCEC in 1984, New World got the 370,000sq.m. of development rights (including two hotels, Grand Hyatt and the Renaissance, an office block, apartments and a carpark) for free under a 75-year lease. The HKCEC facilities are owned by TDC and opened in 1988.

New World did not have to pay for the two expansions of the HKCEC - the taxpayers did. With a grant of land and 4.8bln in 1994 the HKCEC was expanded with 40,000sq.m in 1997. And with 1.4bln from the TDC reserves in 2005, the HKCEC was expanded with another 20,000sq.m. in 2009. Bringing the total rentable area to over 90,000sq.m.

In the meantime, as the manager, New World takes almost all of HKCEC's operating revenues which have grown with each expansion. It pays TDC a fee of around 8% (used to be less than 5%) of the revenues. Without the burden of operational responsibilities or related cost, TDC has thus enough to reward its executive director with more than HK\$6 million for his performance, and the TDC top management in total more than HK\$21 million, as reported in their recent annual report.

Imagine what a further expansion of the HKCEC at the expense of taxpayers will do for New World's profits and TDC's management 'performance' pay!

Imagine what a further expansion of the HKCEC will do for the tax payers who have to commute through Wanchai and Central!



為何貿發局及新創建積極爭取擴建會展中心？

從 93 / 94 年度的前立法局文件（並無上載於互聯網）中可見，貿發局曾簽訂一份協議令其不可使用本港其他的會展設施。新創建透過附屬公司寶利城與貿發局簽訂管理會展中心的合約。合約當中的無競爭條款指明，除會展中心外，貿發局或新創建不得在協議生效期間發展或共同發展其他會展設施。這份於 1988 年簽訂的協議為期長達 40 年。而只要新創建並無失誤，協議還會每十年自動續期！

新創建在 1984 年負責興建會展中心首 30,000 平方米用地後，便可不付分文獲得 370,000 平方米用地的發展權（包括君悅及萬麗兩幢酒店，一幢辦公大樓、住宅及停車場），為期 75 年。會展中心的設施由貿發局擁有，於 1988 年開幕。

回顧會展中心的兩次擴建工程，新創建都毋須再付出一分一毫代價，資金及土地完全來自納稅人。繼當局於 1994 年批地及撥款 48 億港元，會展中心在 1997 年增建 40,000 平方米。其後，貿發局於 2005 年動用 14 億港元儲備，再度擴建會展中心。當工程於 2009 年竣工後，會展中心再新增 20,000 平方米用地，令可租用總面積增至逾 90,000 平方米。

與此同時，作為管理公司的新創建可按協議獲得會展中心的絕大部份營運收入，而經過兩度擴建後，會展中心的營運收入亦隨之不斷增加。新創建則只須向貿發局支付營運收入中約 8%（過往的比率更不足 5%）。由於無須承擔營運責任或相關成本開支，貿發局有充裕的財力向管理高層發放巨額酬金。根據該局的最新年報，總裁獲發逾 600 萬港元的表現酬金，全體管理高層則合共獲發超過 2,100 萬港元。

試想像若再度動用納稅人金錢擴建會展中心將對新創建的利潤及貿發局管理層的「表現酬金」有何影響？

試想像若再度擴建會展中心，將對往來灣仔及中環的納稅人有何影響？



Links to some relevant papers - 部份參考文件及資料的連結

http://www.legco.gov.hk/database/english/data_ci/ci-convention.htm

<http://www.legco.gov.hk/yr03-04/english/panels/plw/papers/haplw1125cb1-623-3e-scan.pdf>

<http://www.legco.gov.hk/yr03-04/english/panels/plw/papers/haplw1125cb1-623-2e-scan.pdf>

<http://www.legco.gov.hk/yr99-00/english/counmtg/hansard/000105fe.pdf>

<http://www.legco.gov.hk/yr99-00/chinese/counmtg/hansard/000105fc.pdf>

<http://www.info.gov.hk/gia/general/199912/08/1208169.htm>

http://hk.apple.nextmedia.com/template/apple/art_main.php?iss_id=20090803&sec_id=4104&sbsec_id=12731&art_id=13056116

http://hk.apple.nextmedia.com/template/apple/art_main.php?iss_id=20090803&sec_id=4104&sbsec_id=12731&art_id=13056117

http://hk.apple.nextmedia.com/template/apple/art_main.php?iss_id=20090908&sec_id=4104&art_id=13185752

http://hk.apple.nextmedia.com/template/apple/art_main.php?iss_id=20091013&sec_id=4104&sbsec_id=11867&art_id=13307360

<http://www.hktdc.com/info/mi/a/tdcnews/en/1X062LSH/1/HKTDC-News-Speeches/Welcoming-Remarks-by-br-Mr-Jack-So-Chairman-Hong-Kong-Trade-Development-Council-at-br-Opening-ceremony-of-HKCEC-Atrium-Expansion-the-20th-Hong-Kong-Book-Fair-br-HKCEC-Hall-5.htm>

<http://www.info.gov.hk/gia/general/200907/22/P200907220121.htm>

<http://webcast2.info.gov.hk/2009/ce/ce2207.vvx>

http://www.thestandard.com.hk/news_detail.asp?pp_cat=11&art_id=85265&sid=24663885&con_type=1

<http://info.hktdc.com/CECexpansion/090722.htm>

http://www.devb-plb.gov.hk/reclamation/eng/ccm/annexE_e.pdf

http://www.harbourfront.org.hk/eng/content_page/doc/Full_Submission.pdf

http://www.scmp.com/portal/site/SCMP/menuitem.2af62ecb329d3d7733492d9253a0a0a0/?vgnextoid=a564802527784210VgnVCM100000360a0a0aRCRD&ss=Hong+Kong&s=idx_News

<http://www.rthk.org.hk/rthk/news/expressnews/news.htm?expressnews&20091024&55&621736>

<http://www.harbourdistrict.com.hk/enews/20041102/20041102.htm>

http://www.scmp.com/portal/site/SCMP/menuitem.2af62ecb329d3d7733492d9253a0a0a0/?vgnextoid=7bac8e4aa0194210VgnVCM100000360a0a0aRCRD&ss=Hong+Kong&s=idx_News

using expensive thrust boring techniques beneath the WKE. This might cause adverse settlement of the new carriageway. The layout plans for the works are at Enclosure 2(iv) and (v).

9. The ventilation building structure for item 2(d)(i) above is located on top of the AR tunnels south of the Tai Kok Tsui station. A delay in incorporating the works would cause site access problems for other contractors since the site is within the WKE, Southern section contract. Apart from adding to the cost, this would also seriously disrupt the programme. The layout plans are at Enclosure 2(iv) and (v).

10. Roads U and V for item 2(d)(ii) above are planned extensions of the existing Yau Ma Tei interchange to provide road connection with the future Kowloon Station and are MTRC development related. A delay in incorporating the works would cause site access problems for other contractors and add to the cost. The layout plan is at Enclosure 2(iv).

11. The subway connecting the temporary AR depots near Mei Foo for item 2(e)(i) above runs beneath a slip road in the West Kowloon Reclamation area and link up two areas forming the temporary MTRC depot which the MTRC will require for the trackwork and track related installations for the AR. If the subway were not incorporated in the works by the option date, the MTRC would have to construct it separately at additional costs because of disruption to the completed slip road over it. The layout plans are at Enclosure 2(iv) and (v).

12. The allowance for project contingencies for item 2(f) above amounts to 5% of the cost of each of the proposed works packages.

Environmental Implications

13. We have already addressed the environmental impact of the four affected government ACP projects on various occasions when Members approved their upgrading to Category A of the PWP. The MTRC has carried out an Environmental Impact Assessment (EIA) study of the AR. We will circulate a copy of the EIA Final Report for Members' information when it is completed by the end of January 1994.

Consultation

14. We consulted the LegCo Subcommittee on the Financing of the ACP on the current proposal on 25 January 1994. In response to questions raised by Members, we have clarified that—

- (a) apart from the AR advance works proposed in this paper, and those in FCR(93-94)130 for remaining works at the Lantau Fixed Crossing, we could not foresee at this stage having to seek Finance Committee's approval again for authority to start any other AR advance works proposed for incorporation into the Government's ACP contracts; and
- (b) pending an agreement on the financing of the AR, the Government would review all options that could facilitate completion of the AR to the maximum extent possible by mid-1997. Meanwhile we would try our best to reach an early agreement with the Chinese side.

Financial Implications

15. The proposal does not involve any land acquisition. There will be no recurrent financial implications.

16. Members have already approved \$5,078 million in MOD for the Government to undertake AR-related works as parts of five Government ACP projects. In the light of the recent ACP cost review, we have reviewed the approved commitment for each of the AR advance works items and revised the total amount downwards to \$3,991 million in MOD. A funding proforma setting out the previous and updated position on funds approved for the AR advance works under the Government ACP projects is at Enclosure 4.

17. If Members approve this item, the total approved commitment for AR-related works would become \$4,136 million. If Members also approve the funding sought under FCR(93-94)130 for the AR advance works in the Lantau Fixed Crossing, the total approved commitment would become \$4,320 million. The MTRC will reimburse us when the AR is constructed.

Background Information

18. When we sought Members' approval in September 1993 to adjust the scope of 505TH 'Route 3—Tsing Yi and Kwai Chung sections (CRA1)—works' to allow certain AR advance works to proceed, we informed Members that there were other AR advance works incorporated in various government ACP projects. The original intention was for the MTRC to pay directly for these works so that we could have the funding authority to exercise the options and undertake the works on an entrustment basis for the MTRC. The Government would not, in those circumstances, have to seek funding for these works.

19. In the absence of a financing agreement on the AR, however, the MTRC is not in a position to commit funds on these advance works. The choice is therefore between—

- (a) funding these ourselves initially, pending agreement on the financing issues, and to get the MTRC to reimburse us later; and
- (b) deferring the works and suffer the consequences of additional costs, delays and disruption.

We have considered the merits of each case critically and conclude that the best way forward is to seek funding approval to proceed with the proposed packages of AR works as scheduled.

Decision: as proposed.

FCR(93-94)133 (discussed at the meeting of 4.2.94)

CAPITAL WORKS RESERVE FUND

HEAD 708—CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

New Subhead 'Capital subvention to the Trade Development Council for constructing an extension to the Hong Kong Convention and Exhibition Centre'

Members are invited to approve a capital subvention of \$4,829 million to the Trade Development Council to meet the full costs of constructing an extension to the Hong Kong Convention and Exhibition Centre.

Problem

The existing Hong Kong Convention and Exhibition Centre (HKCEC) can no longer fully satisfy demand for its facilities. This is going to erode Hong Kong's competitiveness as a leading exhibition and convention centre.

Proposal

2. We propose to make a capital subvention of \$4,829 million to the Trade Development Council (TDC) to construct a major extension to the existing HKCEC.

Justification

3. A task force chaired by the Secretary for Trade and Industry (STI) reported in October 1992 that unless expanded in time, the HKCEC could risk being out-competed by other similar facilities in the region. At the same time, we have calculated that very significant economic benefits would result from the timely construction of a suitable extension. The Financial Secretary announced in his 1993 Budget that he had earmarked approximately \$5.5 billion (1992 prices) for the project and its associated infrastructure. Finally, a multi-disciplinary study conducted by consultants concluded in December 1993 that the construction of a reclamation island to support an extension building in front of the existing HKCEC was feasible in terms of engineering, transport implications and environmental impact.

Financial Implications

4. The total estimate for the project is \$3,750 million at September 1993 prices. This comprises \$3,000 million for the extension building and \$750 million for the related reclamation and infrastructure works.

5. The major elements of the project cost are as follows—

	\$ million (September 1993 price)
(a) Extension building	
(i) construction	2,355
(ii) consultants' fees	354
(iii) furniture and equipment	53
(iv) contingencies	238
Sub-total	3,000
(b) Extension island and infrastructure	
(i) construction	610
(ii) consultants' fees	80
(iii) contingencies	60
Sub-total	750
Total	3,750

6. The forecast cash flow is as follows—

	\$ million (September 1993 prices)
1994-95	630
1995-96	935
1996-97	1,205
1997-98	980
Total	3,750

7. The Government's capital subvention to the TDC will be the money of the day (MOD) equivalent of the

September 1993 project cost. Standard government contract provisions which allow, among other things, for price and quantities' adjustment in line with inflation and remeasurement provide the basis for the calculation of the project estimate at September 1993 prices. However, the construction contracts will be fixed-price lump-sums contracts and the tender prices will not be subject to adjustment for inflation. On the basis of the Government's forecasts of trend labour and construction prices over the period 1994 to 1997, we have estimated the outturn or MOD price to be \$4,829 million.

8. Since the capital subvention of \$4,829 million represents a major investment of public money, the Government will enter into an entrustment agreement with TDC. The agreement will set out in detail the responsibilities of both parties, providing for project monitoring and control mechanisms and, in particular, establishing that the \$4,829 million is an absolute budget ceiling. Any increase will be subject to the prior approval of Finance Committee. The TDC will return the interest earned on the subvention and any unspent balances to the Government upon completion of the project.

9. The TDC will bear all recurrent costs once the extension is fully operational.

Environmental Implications

10. We first examined the overall environmental impact of the reclamation in the context of the Central and Wanchai Reclamation Feasibility Study completed in 1989. Our consultants conducted a further detailed Environmental Impact Assessment (EIA), which focussed on the extension project in 1993. We have investigated the potential environmental impact due to the reclamation works and the construction and operation of the Centre to cover water quality, dust and noise pollution. The EIA study concluded that we can minimize the associated environmental impact through proper design of the reclamation configuration and the inclusion of control requirements in the reclamation and construction contracts. To minimize the disposal of marine mud, the study recommended the excavation of the mud under the seawall only. The Government and the TDC shall implement the EIA recommendations for the reclamation and building works. We shall also carry out monitoring programmes for dust, noise and water quality during construction.

Background Information

11. The existing HKCEC, with 18 000 square metres of exhibition space and a convention hall for 2 600 people at the most, is fast approaching saturation. World-class exhibitions held at the HKCEC are already having to extend their exhibits into areas such as foyers, meeting rooms and concourses not designed for the purpose.

12. As a result, Hong Kong's competitiveness as a leading exhibition and convention centre is being put at risk. The HKCEC stands to lose business to other regional centres as a result of the development of similar facilities in, for example, Osaka, Manila, Taiwan and Singapore. Singapore's exhibition and convention facilities, in terms of capacity, have already surpassed those of Hong Kong. The completion of the Singapore International Convention and Exhibition Centre in 1994 will widen this disparity.

13. The new extension will remedy this situation by more than doubling the space available for exhibitions and

conventions. The TDC will build three new exhibition halls with a total usable floor area of 26 000 square metres together with a second convention hall, as well as meeting rooms and support facilities. They will construct the building so that the appearance and design will be compatible with that of the existing HKCEC. The Government will retain ownership of the building and related infrastructure and there is no plan for overhead commercial development.

14. The new facility will bring the following quantifiable economic benefits to the territory—

- (a) increased visitor spending in Hong Kong. A flourishing exhibition and convention industry brings to Hong Kong visitors coming specifically for such activities. These visitors tend to stay twice as long and spend three times as much money as the average; and
- (b) boost of export orders. Trade fairs held at the existing HKCEC have helped to boost export orders received by local companies. Apart from income generated as a direct result of such orders, there are also knock-on benefits to other sectors of the economy, e.g. warehousing storage, transportation, communication and finance.

15. We estimate the additional quantifiable economic benefits due to the proposed extension to be worth about \$9 billion a year (at 1993 prices) when it is in full operation, assuming the same level of utilisation of the extension as is enjoyed by the existing HKCEC. A breakdown of this calculation is at Enclosure 1. This is in addition to unquantifiable economic benefits, such as the inflow of the new ideas and knowledge brought about through the holding of exhibitions and conventions, and the enhancement of Hong Kong as a regional business centre as well as Asia's trade fair capital.

16. Following the study conducted by consultants to assess the transport and environmental aspects of the reclamation for the extension building, we have commissioned a detailed design and construction consultancy for the reclamation and infrastructural works. The TDC has employed consultants to prepare a conceptual architectural design for the extension building. The Secretary for Works (S for W) and the STI are maintaining close co-ordination between the TDC's architects and the Government's engineering consultants.

17. Assuming that reclamation works can start in mid-1994, we expect that the TDC will complete construction of the Extension by mid-1997.

18. The Government and TDC have drawn up an entrustment agreement on the construction and management of the Extension. The objective of the agreement is to ensure the completion of the Extension within budget by the target date of June 1997. The agreement clearly establishes the respective roles and responsibilities of the two parties. A copy is at Enclosure 2 to this paper.

19. Under the entrustment agreement, we have set up a project monitoring and control mechanism in the form of a Project Control Committee under the chairmanship of the STI. The committee's membership includes the Chairman of TDC as well as the S for W and senior representatives of other government policy branches and departments involved in the extension project. An annex to the entrustment agreement sets out the terms of reference of the committee.

Decision: withdrawn by the Administration.

FCR(93-94)134 (discussed at the meeting of 4.2.94)

HEAD 70—IMMIGRATION DEPARTMENT

Subhead 149 General departmental expenses

Members are invited to approve supplementary provision of \$10.5 million under Subhead 149 General departmental expenses to meet increased expenditure in the Immigration Department.

Problem

The approved provision is insufficient to meet increased expenditure under this subhead in 1993-94.

Proposal

2. The Director of Immigration proposes supplementary provision of \$10.5 million under Subhead 149 General departmental expenses.

Justification

3. Members approved provision of \$53,417,000 under Subhead 149 General departmental expenses in the 1993-94 Estimates to cover expenditure directly related to the day-to-day running of the Immigration Department. Of that amount, \$19,303,000 was for the employment of casual workers, temporary Vietnamese interpreters (TVIs) and part-time interpreters.

4. The Director of Immigration has carefully reviewed the financial position of this subhead to date. He estimates that there will be a shortfall of \$10.5 million for the employment of casual workers, TVIs and part-time interpreters for the remainder of the current financial year, calculated as follows—

		\$'000
(a)	Actual expenditure from 1 April 1993 to 31 December 1993 for employment of	
	(i) casual workers	6,713
	(ii) TVIs	15,547
	(iii) part-time interpreters	2,273
	Sub-total	24,533
Add (b)	Estimated expenditure from 1 January 1994 to 31 March 1994 for employment of	
	(i) casual workers	1,800
	(ii) TVIs	2,950
	(iii) part-time interpreters	455
	Sub-total	5,205
Less (c)	Approved provision for 1993-94 for employment of	
	(i) casual workers	3,477
	(ii) TVIs	14,488
	(iii) part-time interpreters	1,338
	Sub-total	19,303

- (a) the estimated building cost approved in January 1989 was based on the cost estimate at late 1987 price level, whereas the revised building cost is based on the result of the tender sums;
- (b) the D Arch S estimates that the cost for building a standard secondary school at present day prices would be about \$35 million. He therefore considers that the revised building cost for this project, inclusive of a special grant of \$943,000 for difficult site conditions, of \$35,495,000 to be reasonable;
- (c) the approved building cost in 1989 was based on the estimated covered floor area of 7 000 square metres, representing an under-estimation of about 10% of the actual covered floor area;
- (d) there was no provision for contingency in the original estimate, and a contingency element of \$1.2 million has been included in the revised building estimate; and
- (e) to facilitate early completion of the project, the tender specified a shorter building period than that normally required and no allowance for the contractors to extend the completion date due to inclement weather.
5. The increase in F&E cost is due to inflation and the revised provision of standard F&E for a 24-classroom secondary school.

Financial Implications

6. The revised mode of financing, if approved, will be as follows—

	Government subsidy \$'000	Sponsor's contribution \$'000	Overall total \$'000
Building	27,642	6,910	34,552
Add Special grant	943	—	943
Sub-total	28,585	6,910	35,495
Add F&E	2,237	559	2,796
Total project cost	30,822	7,469	38,291

7. D Arch S estimates that extra construction costs arising from difficult site conditions, amounting to \$943,000, would be required. Under existing policy, the Government will make a special grant to cover in full such extra costs.

8. The sponsor has agreed to increase its contribution to meet the increase in total project cost in the same proportion as in the original mode of financing approved by Members in 1989, i.e. 20% of the building cost, excluding the special grant for difficult site conditions, and F&E cost. As a result, D of E recommends a revised total government subsidy of \$30,822,000 for the project.

9. D of E estimates the annually recurrent cost for the new school at \$17,540,000, which will be met through education subventions. If approved, the remaining works for the project will start in April 1994 and is expected to be completed in February 1995. The cash flow of the project is estimated as follows—

	\$'000
1994-95	27,000
1995-96	2,000
1996-97	1,822
Total	30,822

Background Information

10. Ju Ching Chu English College, Tuen Mun is an aided secondary school currently operating bi-sessional classes in temporary sub-standard premises in two separate locations in Tuen Mun as follows—

- (a) vacated premises of the Sheng Kung Hui St. Simon Primary School at Tsing Wan Road; and
- (b) borrowed premises of the Castle Peak Buddhist Primary School at Castle Peak Village.

11. On 9 January 1989, Members approved a capital subsidy of \$15,923,000, inclusive of a special grant of \$769,000, for the reprovisioning of the school at a site in Area 31A, Tuen Mun. The sponsor had agreed to contribute \$3,788,000, which represented 20% of the project cost excluding the special grant. The approved mode of financing was as follows—

	Government subsidy \$'000	Sponsor's contribution \$'000	Overall total \$'000
Building	13,482	3,370	16,852
Add Special grant	769	—	769
Sub-total	14,251	3,370	17,621
Add F&E	1,672	418	2,090
Total project cost	15,923	3,788	19,711

12. The reprovisioning of Ju Ching Chu English College, Tuen Mun will enable the school to operate whole-day classes with the same facilities as other standard aided schools.

13. After reprovisioning, the school will have 24 classrooms, 12 special rooms, an assembly hall and other ancillary facilities. It will operate 28 classes with the following class structure—

	Secondary level							
	S1	S2	S3	S4	S5	S6	S7	Total
Number of classes	6	6	6	3	3	2	2	28

14. In the previous proposal, the school was to operate 30 classes. The proposed class structure has now been revised in order to meet the new policy to abolish floating classes below Secondary 6.

Decision: as proposed.

FCR(93-94)144 (discussed at the meeting of 25.2.94)

CAPITAL WORKS RESERVE FUND

HEAD 708—CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

New Subhead 'Capital subvention to the Hong Kong Trade Development Council for constructing an extension to the Hong Kong Convention and Exhibition Centre'

Members are invited to approve a capital subvention of \$4,829 million to the Hong Kong Trade Development Council to meet the full costs of constructing an

extension to the Hong Kong Convention and Exhibition Centre.

Problem

The existing Hong Kong Convention and Exhibition Centre (HKCEC) can no longer fully satisfy demand for its facilities. This is going to erode Hong Kong's competitiveness as a leading exhibition and convention centre.

Proposal

2. We propose to make a capital subvention of \$4,829 million to the Hong Kong Trade Development Council (TDC) to construct a major extension to the existing HKCEC.

3. Members previously discussed this proposal on 4 February 1994. To respond to questions raised by Members at that discussion, we have arranged briefing sessions with Members and have expanded the material in this paper.

Justification

4. A task force chaired by the Secretary for Trade and Industry (STI) reported in October 1992 that, unless expanded in time, the HKCEC could risk being out-competed by other similar facilities in the region. At the same time, we have calculated that very significant economic benefits would result from the timely construction of a suitable extension. The Financial Secretary announced in his 1993 Budget that he had earmarked approximately \$5.5 billion (1992 prices) for the project and its associated infrastructure. Finally, a multi-disciplinary study conducted by consultants concluded in December 1993 that the construction of a reclamation island to support an extension building in front of the existing HKCEC was feasible in terms of engineering, transport implications and environmental impact.

Financial Implications

5. The total estimate for the project is \$3,750 million at September 1993 prices. This comprises \$3,000 million for the extension building and \$750 million for the related reclamation and infrastructure works.

6. The major elements of the project cost are as follows—

	\$ million (September 1993 prices)
(a) Extension building	
(i) construction	2,355
(ii) consultants' fees	354
(iii) furniture and equipment	53
(iv) contingencies	238
Sub-total	3,000
(b) Extension island and infrastructure	
(i) construction	610
(ii) consultants' fees	80
(iii) contingencies	60
Sub-total	750
Total	3,750

7. The forecast cash flow is as follows—

	\$ million (September 1993 prices)
1994-95	630
1995-96	935
1996-97	1,205
1997-98	980
Total	3,750

8. The Government's capital subvention to the TDC will be the money of the day (MOD) equivalent of the September 1993 project cost. Standard government contract provisions allow for price and quantities adjustment in line with inflation and remeasurement, and provide the basis for the calculation of the project estimate at September 1993 prices. The construction contracts will be fixed-price lump-sum contracts, however, and the tender prices will not be subject to adjustment for inflation. On the basis of the Government's forecasts of trend labour and construction prices over the period 1994 to 1997, we estimate the out-turn cost of the project at MOD prices to be \$4,829 million.

9. In view of the size of this capital subvention, the Government will enter into an entrustment agreement with TDC. A copy of this agreement is at Enclosure 1. The agreement sets out in detail the responsibilities of both parties, providing for project monitoring and control mechanisms and, in particular, establishing that the \$4,829 million subvention is an absolute budget ceiling.

10. Under the terms of the entrustment agreement, we will pay the subvention to the TDC 'up-front', to provide the necessary certainty of project funding. Apart from avoiding piecemeal approaches to this Council, this up-front payment will also allow the Government to establish the absolute budget ceiling for the project referred to above. 'Absolute' in this context means that we have no intention of returning to this Council to seek additional funds. If for totally unforeseeable reasons additional funding became unavoidable, we would take no decision to proceed without this Council's approval. The Administration has undertaken to alert this Council at as early a stage if there are any indications that such a situation might develop.

11. Once we have made the initial payment to the TDC, we will require the TDC, under the terms of the entrustment agreement, to place all sums not required for immediate use with the Exchange Fund for prudential reasons. The TDC will repay all interest earned to the Government. Under no circumstances will we use such repaid interest to supplement the project budget.

12. The TDC will similarly repay any balance of the subvention unspent on completion of the project to the Government on demand.

13. The TDC will bear all recurrent costs once the extension is fully operational.

Environmental Implications

14. We first examined the overall environmental impact of the reclamation in the context of the Central and Wanchai Reclamation Feasibility Study completed in 1989. Our consultants conducted a further detailed Environmental Impact Assessment (EIA), which focussed on the extension project, in 1993. We have investigated the potential environmental impact of the reclamation works and the construction and operation of the extension, including

water quality, dust and noise pollution. The EIA study concluded that we can minimize the environmental impact of the project through proper design of the reclamation configuration and the inclusion of control requirements in the reclamation and construction contracts. To minimize the disposal of marine mud, the study recommended the excavation of the mud under the seawall only. The Government and the TDC will implement the EIA recommendations for the reclamation and building works. We will also carry out monitoring programmes for dust, noise and water quality during construction.

Background Information

Present position

15. The existing HKCEC, with 18 000 square metres of exhibition space and a convention hall for 2 600 people, is fast approaching saturation. World-class exhibitions held at the HKCEC are already having to extend their exhibits into areas such as foyers, meeting rooms and concourses not designed for the purpose.

16. As a result, Hong Kong's competitiveness as a leading exhibition and convention centre is being put at risk. The HKCEC stands to lose business to other regional centres as a result of the development of similar facilities in, for example, Osaka, Manila, Taiwan and Singapore. Singapore's exhibition and convention facilities, in terms of capacity, have already surpassed those of Hong Kong. The completion of the Singapore International Convention and Exhibition Centre in 1994 will widen this disparity.

The new extension

17. The new extension will remedy this situation by more than doubling the space available for exhibitions and conventions. The TDC will build three new exhibition halls with a total usable floor area of 26 000 square metres together with a second convention hall, as well as meeting rooms and support facilities. They will construct the building so that the appearance and design will be compatible with that of the existing HKCEC. The Government will retain ownership of the building and related infrastructure and there is no plan for overhead commercial development.

Economic benefits

18. In developing the conceptual design for the extension building, the TDC's local and architectural consultants have worked closely with the international firm of Skidmore, Owings and Merrill to ensure that the new facility is fully consistent with Hong Kong's convention and exhibition needs. The TDC and their architects have, in particular, met with the Hong Kong Exhibition and Convention Organizers and Suppliers Organization, which represents all leading trade fair and convention organizers in Hong Kong. They have taken into account the organization's suggestions in drawing up the concept design for the extension building, and they will continue to consult the convention and exhibition industry during the detailed design stage.

19. The new facility will bring the following quantifiable economic benefits to the territory—

- (a) increased visitor spending in Hong Kong. A flourishing exhibition and convention industry brings to Hong Kong visitors coming specifically for such activities. These visitors tend to stay twice as long and spend three times as much money as the average; and

- (b) boost of export orders. Trade fairs held at the existing HKCEC have helped to boost export orders received by local companies. Apart from income generated as a direct result of such orders, there are also knock-on benefits to other sectors of the economy, e.g. warehousing, transportation, communication and finance.

20. We estimate the additional quantifiable economic benefits due to the proposed extension to be worth about \$9 billion a year (at 1993 prices) when it is in full operation, assuming the same level of utilisation of the extension as is enjoyed by the existing HKCEC. A breakdown of this calculation is at Enclosure 2. This is in addition to unquantifiable economic benefits, such as the inflow of the new ideas and knowledge brought about through the holding of exhibitions and conventions, and the enhancement of Hong Kong as a regional business centre as well as Asia's trade fair capital. The extension should enable us to satisfy demand in the territory for exhibition and convention facilities well into the second decade of the next century.

Rate of return

21. We do not expect a direct, fiscal rate of return from the TDC in relation to this project. We are proposing a subvention for a public facility. This is different from an equity investment from the Government's Capital Investment Fund. The TDC will not benefit from any form of commercial development. The 'profit', if any, that they will make from the operation of the facility itself will be insignificant in percentage or absolute terms. To attempt to claw part of this back could only be at the expense of the users of the facility.

22. It is in fact unusual for facilities of this kind to be run on a commercial basis at all. Most other major convention and exhibition centres both within and outside the region are actually subsidized by their respective Governments, in some cases up to 100%. In considering setting a rate of return, we must therefore consider the risks of making our new Centre uncompetitive as compared with the rest of the region. The real 'rate of return' on this project comes in the form of the economic benefits to Hong Kong described above.

Progress to date

23. Following the study conducted by consultants to assess the transport and environmental aspects of the reclamation for the extension building, we have commissioned a detailed design and construction consultancy for the reclamation and infrastructural works. The TDC has employed consultants to prepare a conceptual architectural design for the extension building. The Secretary for Works (S for W) and the STI are maintaining close co-ordination between the TDC's architects and the Government's engineering consultants.

24. Assuming that reclamation works can start in mid-1994, we expect that the TDC will complete construction of the Extension by mid-1997. Amongst other things, this will allow us to use the entire convention complex (HKCEC plus extension) to host the IMF/World Bank meetings in Hong Kong in September 1997.

Entrustment and monitoring

25. The objective of the entrustment agreement at Enclosure 1 is to facilitate the completion of the extension within budget by the target date of June 1997. Under the

terms of the agreement, we have set up a project monitoring and control mechanism in the form of a Project Control Committee (PCC) under the chairmanship of the STI. The committee's membership includes the Chairman of TDC as well as the S for W and senior representatives of other Government policy branches and departments involved in the extension project. An annex to the entrustment agreement sets out the terms of reference of the committee.

Management arrangements

26. Post-1997 management arrangements for the completed extension have not yet been finalized. This will involve negotiations between TDC and Polytown Ltd, a subsidiary of New World, which already operates and manages the HKCEC.

27. Some Members have questioned whether companies other than Polytown Ltd could be considered as potential operators and managers of the extension. There are two key points. First, the extension project will form an integral part of the existing HKCEC. It would make neither operational nor financial sense to employ two management companies for a single facility, especially since both companies would need to be involved in organizing the same events. Second, the existing management contract between TDC and Polytown Ltd contains performance criteria to which Polytown Ltd must adhere. These criteria are strictly monitored. Were the TDC to offer another company the management contract for all or part of the HKCEC without evidence of Polytown Ltd's failure to meet these criteria, the TDC would be likely to face legal action.

28. There are thus practical reasons why the TDC intends to offer the management rights of the extension to Polytown Ltd. But we emphasize that the PCC must first vet and approve any agreement reached as commercially prudent and in the public interest.

29. Further details of the existing and proposed management arrangements for the HKCEC are at Enclosure 3.

Urgency of this submission

30. During the intensive discussions with the TDC and their building experts, from the Government side we have insisted upon a firm project scope and programme to allow the preparation of a reliable estimate of cost. We have stated elsewhere in this paper that the subvention is an absolute budget ceiling. Time is however of the essence in keeping control over cost. Of critical importance is the earliest possible start on the reclamation of the island site. The award of contracts for this work requires Members' approval of the capital subvention.

Decision: as proposed.

FCR(93-94)145 (*discussed at the meeting of 11.3.94*)

RECOMMENDATIONS OF THE ESTABLISHMENT SUBCOMMITTEE

At the Enclosure is a summary of the recommendations of the Establishment Subcommittee (ESC) recommended by ESC at its meeting on 1 March 1994. Members are invited to approve the ESC recommendations.

2. The up-to-date position of the establishment of directorate posts in the civil service is as follows—

	<i>Permanent</i>	<i>Supernumerary</i>	<i>Total</i>
Position including posts approved by Members on			
25 February 1994	1 327	87	1 414
Item EC(93-94)70	—	—	—
Item EC(93-94)71	-1	—	-1
Item EC(93-94)72	—	1	1
Item EC(93-94)73	—	—	—
Item EC(93-94)74	—	—	—
Item EC(93-94)76	—	—	—
Item EC(93-94)77	1	—	1
Item EC(93-94)78	—	—	—
Item EC(93-94)79	—	1	1
Number of supernumerary post which has lapsed	—	-1 (Note)	-1
Adjustments of posts of civil servants working under the Hospital Authority	-2	—	-2
Total	1 325	88	1 413

Note—One post of Judge of the High Court in Judiciary lapsed on 6 March 1994.

Decision: as recommended.

FCR(93-94)146 (*discussed at the meeting of 11.3.94*)

RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE ON NON-AIRPORT CORE PROGRAMME AND CAPITAL WORKS RESERVE FUND BLOCK ALLOCATIONS

At the Enclosure is a summary of the recommendations made by the Public Works Subcommittee (PWSC) at its meeting on 9 March 1994. Members are invited to approve the PWSC recommendations.

Decision: as recommended.

FCR(93-94)147 (*discussed at the meeting of 11.3.94*)

HEAD 170—SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive social security assistance scheme

Subhead 180 Social security allowance scheme

Members are invited to—

(a) approve revised rates of payment under the Comprehensive Social Security Assistance scheme

Enclosure 3 to FCR(93-94)132

Approved Project Estimates and project contingencies for Public Works Programme items 491TH, 451TH, 457TH and 395CL

Item No.	Project Name	Approved Project Estimate \$ million (MOD)	Previous Approved project contingency \$ million (MOD)	Updated Approved Project Estimate \$ million (MOD)	Approved project contingency \$ million (MOD)
491TH	North Lantau Expressway—Phase I and associated site formation and mains laying works	5,431	488	5,398	223
451TH	North Lantau Expressway—Phase II and mains laying and associated works	1,431	154	1,164	81
457TH	West Kowloon Expressway and associated distributor roads	4,183	488	2,656	130
395CL	West Kowloon reclamation—northern area, phase II	3,140	245	2,991	138

Enclosure 4 to FCR(93-94)132

Proforma Funding Report

Airport Railway essential infrastructure and advance works approved under the government Airport Core Programme projects

		Previous position \$ million MOD	Updated position \$ million MOD
(a)	<i>Funds Approved</i>		
	<i>North Lantau Expressway</i>		
491TH	North Lantau Expressway—Phase I and associated site formation and mains laying works	242.0	401.9
451TH	North Lantau Expressway—Phase II and mains laying and associated works	342.0	341.6
	Sub-total	584.0	743.5
	<i>Lantau Fixed Crossing</i>		
488TH	Lantau Fixed Crossing—Contracts 1 & 2	2,604.0	2,069.0
517TH	Lantau Toll Plaza Advance Earthworks	21.3	19.9
	Sub-total	2,625.3	2,088.9
	<i>Route 3</i>		
505TH	Route 3—Tsing Yi and Kwai Chung Sections (CRA1)—Works	782.0	677.5
	Sub-total	782.0	677.5
	<i>West Kowloon Expressway</i>		
457TH	West Kowloon Expressway and Associated Distributor Roads	940.0	357.6
	Sub-total	940.0	357.6
	<i>Central and Wanchai Reclamation</i>		
386CL	Central Reclamation Phase I—Engineering Works	147.0	123.9
	Sub-total	147.0	123.9
	Total	5,078.3	3,991.4
(b)	<i>Commitment being sought</i>		
	(i) under this Finance Committee paper		145.0
	(ii) under FCR(93-94)130		183.2
	Total Updated Estimate		4,319.6

Enclosure 1 to FCR(93-94)133

Quantifiable Economic Benefits

Proposed 26 000 square metres exhibition extension
(HK\$ million at 1993 prices)

(a)	Visitor spending	
	(i) Total expenditure	3,013
	(ii) Value added generated	2,551
(b)	Export orders	
	(i) Total value of orders	23,134
	(ii) Value added generated	
	Trade flow approach	6,197
	(GDP multiplier approach)	(7,169)
(c)	Total quantifiable economic benefits	
	[(a)(ii)+(b)(ii)]	8,748 to 9,720
		(Say \$8.7 to \$9.7 billion)

Enclosure 2 to FCR(93-94)133 and Enclosure 1 to FCR(93-94)144

Entrustment Agreement for the Hong Kong Convention and Exhibition Centre Extension Project

- Parties to the Entrustment Agreement (the Agreement)*
 - The Hong Kong Government (HKG) and the Hong Kong Trade Development Council (TDC) are parties to the Agreement.
- Objective*
 - The objective of the Agreement is to facilitate the completion of the Hong Kong Convention and Exhibition Centre Extension (the Project) within budget by the target date of June 1997. The Agreement defines the project scope and budget and specifies the project management, ownership, operation and monitoring arrangements which will be used by both parties to achieve this objective.
 - HKG and TDC will use their best endeavours to complete the Project within the budget specified in paragraph 4.1 and on or before the target date of June 1997, in accordance with the provisions of the Agreement.
- Scope of the Project*
 - The scope of the Project entrusted to the TDC comprises the works listed in Annexes A and B.
 - The works listed in Annex A (the Building Works) comprise the construction and fitting-out, including any remedial works required during the defects liability period of the building, of the Hong Kong Convention and Exhibition Centre Extension Building. The parties hereby agree that these works shall be entrusted to TDC and shall be carried out by TDC or by agents or contractors employed by TDC.

- 3.3 The works listed in Annex B (the Reclamation Works) comprise the reclamation and certain related infrastructural works required to ensure the completion of the Building Works on schedule and within budget. The parties hereby agree that these works shall be entrusted to TDC and shall thereafter be undertaken by HKG on behalf of TDC in accordance with the arrangements described in Section 6 of the Agreement.
 - 3.4 The site where the Project shall be carried out is that described in and delineated on the site location plan attached at Annex C, subject to such modifications as may be agreed between TDC and HKG.
4. *Project budget*
 - 4.1 Subject to the approval of the Finance Committee (FC) of the Legislative Council, HKG shall pay a sum, which shall be the budget for the purposes of the Project, not exceeding the money-of-the-day equivalent of \$3,750 million in September 1993 prices to the TDC. This sum will comprise \$3,000 million in respect of the Building Works and \$750 million in respect of the Reclamation Works.
 - 4.2 This sum will be paid by way of a capital subvention from HKG to TDC. TDC will not be required to contribute to the project budget.
 - 4.3 The amounts referred to in paragraph 4.1 shall be paid in full to TDC in a single lump sum. The lump sum shall be used only for the purpose of the Project. Any unspent balance not required for immediate use shall be placed by TDC with the Exchange Fund as deposits on which market-related interest rates will be paid. TDC shall submit quarterly financial statements to HKG showing the expenditure to date, the balance available and the interest earned on any unspent balance of the lump sum. TDC shall pay to HKG, on a quarterly basis, all interest earned in accordance with this paragraph.
 - 4.4 TDC shall keep separate accounts in respect of the Building Works and the Reclamation Works, and shall not use the funds paid to TDC in respect of either of these categories of works for payment for any works listed in the other category without the prior approval of the Project Control Committee established under paragraph 8.1.
 - 4.5 TDC shall reimburse HKG up to the limit of the approved budget for the Reclamation Works undertaken by HKG under paragraph 3.3, in accordance with such accounting guidelines as may be agreed between the two parties.
 - 4.6 TDC shall make available to HKG (including the Director of Audit) information and records in a free and open manner to enable HKG to demonstrate its accountability for the proper use of the project budget in accordance with the Agreement.
 - 4.7 Any unspent balance from the project budget on expiry of the defects liability period of the Project shall be repaid to HKG on demand.
 5. *Changes to project scope or budget*
 - 5.1 There shall be no change to the scope or budget of the Project without the prior approval of FC. TDC, in respect of the works listed in Annex A, and HKG, in respect of the works listed in Annex B will promptly advise the Project Control Committee established under paragraph 8.1 in the event that any change to project scope or budget appears likely to be necessary.
 - 5.2 Notwithstanding paragraph 5.1 TDC shall, subject to the approval of the Project Control Committee, or as otherwise specifically provided for in Annex A, have the authority to amend the size and detailed provisions of the Building Works for budget control or operational reasons without exceeding the budget referred to in paragraph 4.1.
 - 5.3 In seeking tenders for contracts in relation to the Building Works TDC shall incorporate within the tender documents provisions to facilitate savings should the need arise.
 6. *Project management*
 - 6.1 Project management and contractual arrangements for the Building Works and the Reclamation Works shall be jointly developed and agreed by TDC and HKG for approval by the Project Control Committee established under paragraph 8.1.
 - 6.2 A project implementation plan, covering both the Building Works and Reclamation Works, shall be jointly developed and agreed by TDC and HKG for approval by the Project Control Committee established under paragraph 8.1. This plan will specify the dates relating to various phases of the Project critical to the completion of the Project on schedule and within budget, as well as any other essential matters relevant to the effective management of the Project up to and including commissioning.
 - 6.3 HKG will ensure that, the Reclamation Works are carried out in accordance with the relevant items in the project implementation plan and in compliance with the project management procedures. HKG shall provide timely and adequate information to TDC in respect of progress with the Reclamation Works to ensure smooth co-ordination of the Reclamation Works with the Building Works.
 - 6.4 HKG shall expedite all Government approvals and decisions commensurate with the programme requirements of the project including the target completion date.
 7. *Ownership and operation of the Project*
 - 7.1 For the avoidance of doubt, HKG shall remain the owner of the Building Works and the Reclamation Works during construction and after completion. Any fittings and fixtures installed in the extension building by or on behalf of TDC in addition to those paid for out of the project budget shall remain the property of TDC and responsibility for their insurance shall rest with TDC.

7.2 The management of the extension building after its completion shall be undertaken by TDC in accordance with such terms as may be agreed and set out in a landlord and tenant agreement between the parties. TDC may, before completion of the building, enter into an agreement to entrust the management of the completed building to a third party subject to the approval of the Project Control Committee established under paragraph 8.1.

8. *Project monitoring and control*

8.1 To monitor and control progress with all project works, adherence by HKG and TDC to the project budget and co-ordination of the Building Works and Reclamation Works, a Project Control Committee shall be established under the chairmanship of the Secretary for Trade and Industry, with the composition and terms of reference set out in Annex D.

8.2 The Project Control Committee may establish sub-committees dealing with financial, administrative, engineering, architectural or other matters as it sees fit and as may be agreed by the parties. The Project Control Committee may delegate to its sub-committees such of its functions under its terms of reference as it may see fit.

8.3 The Project Control Committee and its sub-committees shall work closely with TDC to facilitate successful completion of the project on time and within budget.

8.4 Before work on the Project begins (other than consultancy work essential to the planning and design of the Project), the Project Control Committee shall approve the project implementation plan in accordance with paragraph 6.2.

8.5 Both TDC and HKG will ensure that all their staff, agents, consultants and contractors involved in the project are aware of the monitoring arrangements and adhere strictly to the project scope and budget.

Signed by:

Secretary for Trade and Industry,
Hong Kong Government

Signature:.....

Name:.....

Date:.....

In the presence of

Signed by:

Chairman,
Hong Kong Trade Development Council

Signature:.....

Name:.....

Date:.....

In the presence of

Annex A

The Building Works

1. *General*

1.1 The Hong Kong Convention and Exhibition Centre Extension (the Extension) will provide the following core facilities:

Exhibition Halls

Convention Hall

Meeting Rooms

1.2 Support facilities will include car parks, vehicle ramps, management and operational accommodation, cargo handling and marshalling.

1.3 Operational installations for an all inclusive turn key project including fitting out, event and general equipment, and food and beverage installations will be provided.

1.4 Mechanical ventilation and lighting to the roadworks directly under the building will be provided.

1.5 Atrium to form a circulation hub between the Extension and the existing Centre will be provided, together with associated alteration and conversion work in the existing Centre to link with the Extension.

1.6 All piling and foundations to support the Extension and Atrium link will be included.

1.7 Hard and soft landscaping, lighting, pavings and planters within the building footprint.

1.8 Spaces for between 350 and 450 cars will be provided.

1.9 E&M works inside the cooling water pumping stations and pipeworks connecting to the extension.

2. *Excluded from the scope*

2.1 Supply mains for seawater cooling, fresh and flushing water, electricity, gas telephones, cable TV, other telecom cables and drainage. All services will be provided by others to a convenient point to the Extension or to plant rooms as appropriate.

2.2 Works to seafront promenade, cooling water pumping station (including that required for the Extension).

2.3 Electricity supply substations outside the building.

2.4 Roadworks and adjacent footpaths (including sections of road D12 and the south access road within the building footprint), street lighting (except in the covered area under the building) and fire hydrants.

2.5 Any other works outside the building footprint.

3. *Areas*

3.1 The individual areas of the core accommodation to be built, as listed below, may be adjusted by TDC by plus or minus 15% without reference to the Project Control Committee. The TDC also has flexibility to adjust ancillary accommodation according to operational and budgetary constraints. Adjustments made by the TDC under this clause shall not cause the project budget referred to in paragraph 4.1 of the Agreement to be exceeded.

*Gross Floor
Area m²*

Core Accommodation

Exhibition Hall 1

12 600

Exhibition Hall 2

7 600

Exhibition Hall 3

6 000

	<i>Gross Floor Area m²</i>
Convention Hall	4 500
Meeting Room Complex	3 000
	<hr/>
Sub-total	33 700
	<hr/>
<i>Ancillary Accommodation</i>	
Restaurant/Admin. Office/	5 210
Info. Centre	16 450
Lobby/foyer	
Support Services, Circulation	30 450
and Stairs	8 350*
Atrium Link	
	<hr/>
Sub-total	60 460
	<hr/>
<i>Additional Areas Included in Construction Gross Floor Area</i>	
Building Services Areas	9 700
Carpark, Vehicular Circulation	29 740
and Docks	11 900
Covered Roadways	
	<hr/>
Sub-total	51 340
	<hr/>
Construction Gross Floor Area	145 500

* Includes 2 650 m² 'light' exhibition area

- 3.2 The Construction Gross Floor Area of the project will in any case not exceed 147 500 m².
- 3.3 Gross Floor Area is the area contained within the external walls of the building, together with any balconies, together with the thickness of the external walls of the building and excludes floor space to be solely used for parking vehicles, loading/unloading and associated ramps or occupied solely by machinery and equipment for lifts, heating, ventilation and air-conditioning or similar service requirements.
- 3.4 Construction Gross Floor Area is measured to the outside face of external walls or, in the absence of walls, to the external perimeter of covered areas. It includes all stair wells, lift shaft voids, covered balconies, lift machine rooms and the like, excluding any light wells, but including covered roads.

Annex B

Hong Kong Convention and Exhibition Centre Extension The Reclamation Works

1. Reclamation works for the Island Scheme as shown in the plan at Annex C
 - 1.1 —Seawall (including dredging)

- 1.2 —Reclamation and site formation (no dredging in reclamation area)
- 1.3 —Culvert extension for Fleming Road Extension
2. Reprovisioning Works
 - 2.1 —Landing steps
 - 2.2 —Ferry pier (with 2-storey superstructure)
 - 2.3 —Stub pier
 - 2.4 —Cooling water pumping stations and cooling water mains
 - 2.5 —Toilet facilities to ferry pier

3. Infrastructure Works in new reclamation area
 - 3.1 —Water supply system
 - 3.2 —Stormwater system
 - 3.3 —Sewer system
 - 3.4 —Roads, access bridges (including deck structures)
 - 3.5 —Promenade, footpath and footbridges
 - 3.6 —Bus bay, road lighting and other highway apurtenances
 - 3.7 —Electric supply substations constructed inside the Extension for cooling water pumping stations or ferry piers
 - 3.8 —The cooling water pumping station structure for the Extension

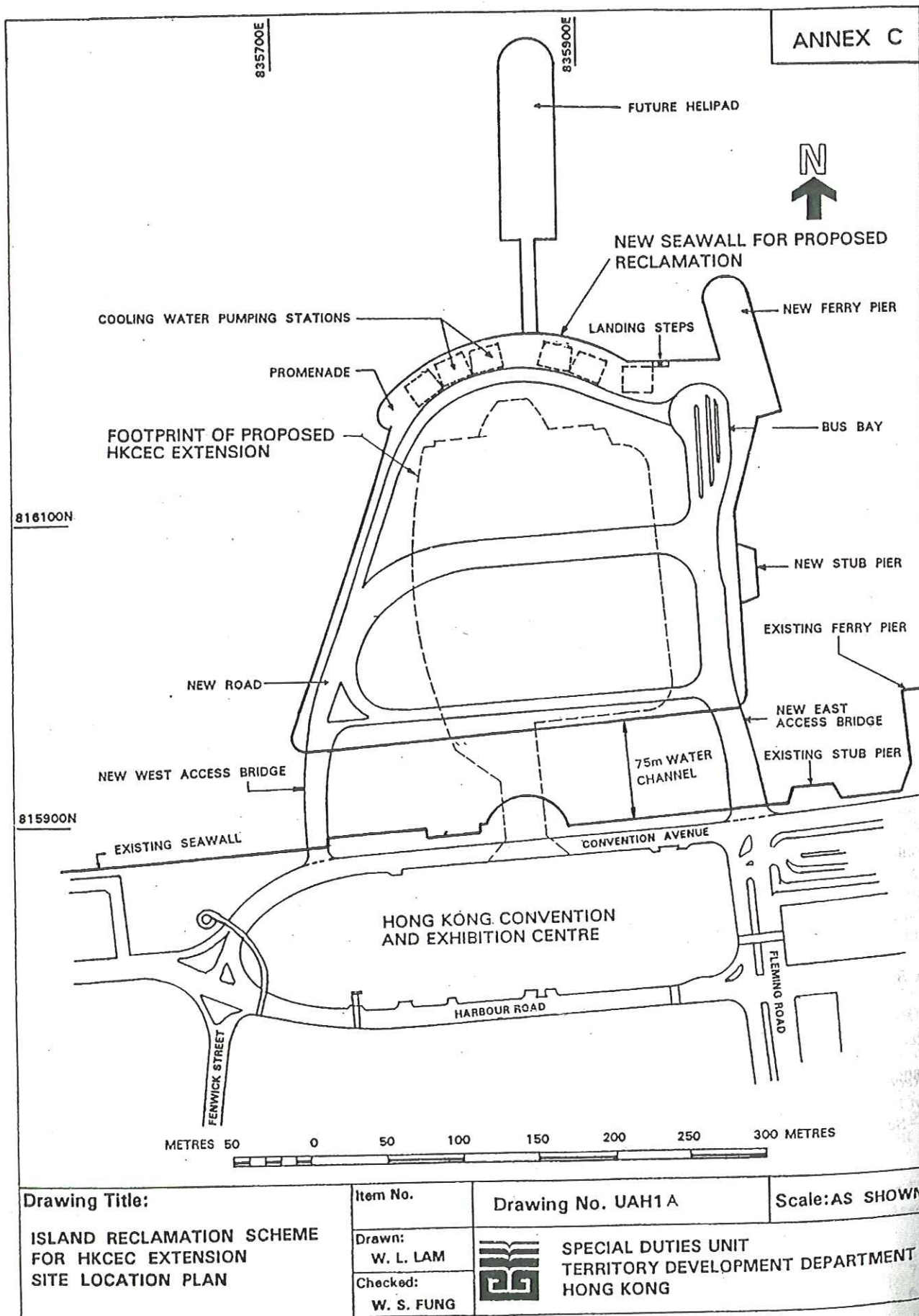
4. Ancillary Works

- 4.1 —Improvement to existing roads at
 - (a) Fleming Road/Harbour Road
 - (b) Convention Avenue/Fleming Road
 - (c) Convention Avenue at future West Bridge
 - (d) Convention Avenue/Tonnochy Road
 - (e) Fleming Road Flyover (additional north bound lane)
- 4.2 —Environmental mitigation measures
- 4.3 —Landscaping works outside the building footprint
- 4.4 —Other minor works essential to ensure compatibility of the HKCEC Extension project with the future final development plan of Central and Wanchai Reclamation

Note: The site to be provided will generally have been reclaimed to the bottom of the structural ground slab (approximately +6.00 Level) or basement slab (approximately +3.00 Level) of the building and only residual site excavation or filling to site formation will be required on the part of the TDC.

The infrastructure on the reclamation surrounding the site will be programmed to suit the construction and operational needs of the Extension building.

Provision of electric power, gas telecom and similar cable services to be undertaken by utility companies as infrastructure development will be co-ordinated by HKG.



Annex D

*Hong Kong Convention and Exhibition Centre Extension
Project Control Committee*

Chairman: Secretary for Trade and Industry, Hong Kong
Government (HKG)
Members: Chairman, Hong Kong Trade Development
Council (TDC)
Secretary for Works, HKG
Secretary for Planning, Environment and
Lands, HKG
Secretary for the Treasury, HKG
Director of Architectural Services, HKG
Project Manager/Special Duties, Territory
Development Department, HKG
Chief Executive, Hong Kong Convention and
Exhibition Centre (HKCEC) (TDC)
Deputy Secretary, Trade and Industry Branch,
HKG

Secretary: Principal Assistant Secretary, Trade and
Industry Branch, HKG
In attendance: Project Manager, HKCEC (TDC)
Assistant Secretary, Trade and Industry
Branch, HKG

Terms of Reference

1. To approve the overall project baseline budget.
2. To approve an overall project implementation plan for construction and through to commissioning.
3. To monitor budget and time controls, approving as necessary measures to deal with deviations.
4. To receive and endorse regular project implementation and exception reports.
5. To endorse necessary controls on the release of information in the public sector relating to the project.
6. To endorse all appointments of agents, contractors and consultants by HKG or TDC in relation to the project.
7. To carry out such other functions as may be required to fulfil the terms of the Entrustment Agreement.

Enclosure to FCR(93-94)137

Summary of the Recommendations of the Establishment Subcommittee

*EC
Item
No. Head of
Expenditure*

Recommendation

At the meeting on 1 February 1994

58 HEAD 52—GOVERNMENT SECRETARIAT
HEAD 73—INDUSTRY DEPARTMENT

To recommend to Finance Committee the creation of the following permanent post to oversee the work of the Technology Development Division in the Industry Department—

1 Administrative Officer Staff Grade C
(D2)(\$79,400-\$84,250)

offset by the deletion of the following permanent post in the Trade and Industry Branch of the Government Secretariat—

1 Administrative Officer Staff Grade C
(D2)(\$79,400-\$84,250)

59 HEAD 52—GOVERNMENT SECRETARIAT

To recommend to Finance Committee the creation of the following supernumerary post for the period up to 31 October 1994 in the Health and Welfare Branch to provide the necessary support to the Working Group on Care for the Elderly—

1 Administrative Officer Staff Grade C
(D2)(\$79,400-\$84,250)

60 HEAD 46—GENERAL EXPENSES OF
THE CIVIL SERVICE

To recommend to Finance Committee the creation of the following supernumerary post for the period up to 31 March 1995 in the Land Registry to complete certain important tasks related to the introduction of the land title registration system—

1 Deputy Principal Solicitor
(DL2)(\$79,400-\$84,250)

61 HEAD 39—DRAINAGE SERVICES
DEPARTMENT

To recommend to Finance Committee the redeployment of the following permanent posts to head two new Divisions formed by re-organising the Projects and Development Branch—

2 Chief Engineers
(D1)(\$66,800-\$70,950)

<i>Project code</i>	<i>Project description</i>	<i>Recommendation</i>
21HH PWSC 1994/11	Local public works in the rural New Territories (1992-93-1996-97) Programme	Recommend to Finance Committee— (a) to upgrade part of 21HH as 50HH to Category A, entitled 'Local public works in the rural New Territories (1994-95 programme)' at an estimated cost of \$33 million; and (b) to retain the remainder of 21HH in Category B.
50GK PWSC 1994/12	Examination and report on the safety of reservoirs, third formal independent inspection programme, remedial works—remaining works	Recommend to Finance Committee to upgrade 50GK to Category A at an estimated cost of \$12.34 million.

Enclosure to FCR(93-94)141

Language Fund Advisory Committee

- (A) *Proposed membership*
Chairman—non-official
Members (19)—
(a) four language experts
(b) six educationalists
(c) four from commerce, industry, the professions and others
(d) three other lay members
(e) representatives of the Director of Education and the Secretary for Education and Manpower
- (B) *Proposed terms of reference*
To advise the Government on policies and procedures governing the operation of the Fund, specifically—
(a) to set policies on the custody and use of the Fund;
(b) to draw up procedures for inviting, and guidelines for assessing, applications for funding, and to set criteria for allocations to be made from the Fund;
(c) to consider applications for funding and to make recommendations to the Trustee;
(d) to monitor the operation of the Fund; and to review the effectiveness of the funded projects; and
(e) to rally community support for the promotion of language learning and proper language use.

Enclosure 1 to FCR(93-94)144

Entrustment Agreement for the Hong Kong Convention and Exhibition Centre Extension Project (Same as Enclosure 2 to FCR(93-94)133)

Enclosure 2 to FCR(93-94)144

Economic Benefits of the Proposed Extension to the Hong Kong Convention and Exhibition Centre (HKCEC)

Economic benefits of the proposed extension to HKCEC
Two main types of quantifiable economic benefits can be expected to arise from the proposed extension facility:

- (a) increased visitor spending in Hong Kong; and
(b) more export orders received by Hong Kong companies as a result of conventions and trade fairs held at the new facility.

The value of these benefits can be assessed in terms of value added contribution to the GDP (*Note*).

Note—The current economic benefit assessment of the HKCEC extension is an update of the assessment made in 1992, taking into account the scaling down of the exhibition space from the originally envisaged 30 000-35 000 m² to 26 000 m², representing a 25% reduction in the new space. There is, nevertheless, no reduction in the scale of the new convention facility.

- (i) *Economic benefits arising from HKCEC-related visitor spending*
2. Basically this involves an aggregation of the incomes generated from initial spending by overseas visitors and exhibitors (primary value added) and those from subsequent rounds of indirect or induced spending (secondary value added), after deducting intermediate purchases of goods and services including their import content. In 1993, the value added arising from visitor spending related to the existing HKCEC is estimated to have amounted to \$1,998 million.
- (ii) *Economic benefits arising from export orders received as a result of trade fairs and exhibitions at HKCEC*
3. Of greater importance in contributing to the GDP are the export orders received by local companies as a result of trade fairs and exhibitions held at the HKCEC. Their positive effects on the economy can be measured in terms of value added generated by the domestic exports and re-exports in fulfilment of the orders, corresponding to which there are increased production of goods and services by such major sectors as manufacturing, import-export trade, warehousing/storage, transportation, communications, finance and business services. These activities are estimated to have generated value added in the order of \$4,905-\$5,802 million in 1993.

Assumptions

4. For the purpose of estimating economic benefits obtainable from the proposed HKCEC extension, the following assumptions have been adopted:

- (i) The proposed extension would in due course attain a high utilisation rate similar to that of the existing HKCEC;

- (ii) The additional flows of visitors and export orders generated by the new HKCEC would be as projected by TDC's Consultants (the increases in these flows so far have been faster than these projections).
- (iii) The average length of stay in Hong Kong by the overseas visitors would be similar for visitors to the existing and to the new HKCEC;
- (iv) The visitors would incur expenditures in Hong Kong which are comparable to those indicated by the Hong Kong Tourist Association surveys; and
- (v) The pattern of exports resulting from the forward orders would be similar in respect of both the existing and the new HKCEC.

In short, the new HKCEC would be simply a scale expansion of the existing one for coping with a continuous surge in demand, with a pattern of people and trade flows which is simply carried over from the existing facility.

Assessment results

5. Based on the above assumptions, the annual value added contribution arising from the additional HKCEC-related visitor spending is estimated to be \$2,551 million, while that arising from the additional export orders is estimated to be around \$6,197-\$7,169 million. The following table gives a summary of the single year economic benefits accruing to the proposed HKCEC extension when it is operating at more or less full capacity.

	Existing HKCEC* (HK\$ million at 1993 prices)	Proposed extension (HK\$ million at 1993 prices)
(i) Visitor spending		
(a) Total expenditure	2,435	3,013
(b) Value added generated	1,998	2,551
(ii) Export orders		
(a) Total value of orders	18,720	23,134
(b) Value added generated		
Trade flow approach	4,905	6,197
(an alternative GDP multiplier approach)	(5,802)	(7,169)
(iii) Total quantifiable economic benefits ((i)(b)+(ii)(b))	6,902-7,800	8,748-9,720

* The economic benefits were derived in the 1992 Assessment and brought forward to 1993 prices by the GDP deflator to reflect overall inflation in 1992 and 1993.

Hence the HKCEC extension should bring significant economic benefits to Hong Kong. In terms of value added contribution to the GDP, this would be in the order of \$9-\$10 billion a year, at the time when the new facility is operating at full capacity.

6. On the top of this, there would conceivably be other economic benefits which are *not readily quantifiable* but when taken together are just as important. These include:

- Absorption of new knowledge and ideas brought to Hong Kong via the holding of conventions and exhibitions of a world standard.
- Reinforcement of the promotional work of the Trade Development Council and the Hong Kong Tourist Association. The HKCEC is, in effect, Hong Kong's window to the outside world.
- Development of the local market in cases where products are promoted in Hong Kong.
- Further profitable opportunities for the business community, particularly those in manufacturing, import/export trade and tourism. Export orders would continue to be attracted to Hong Kong due to the resultant increase in contact with overseas buyers.

Visitors may come again after gaining an initial impression of Hong Kong's attractiveness.

—Enhancement of Hong Kong's position as the gateway to China and as a major trading and business services centre in the region.

—Enhancement of Hong Kong's international image generally.

It is therefore plausible that the overall economic benefits arising from the HKCEC extension could be well in excess of \$9-\$10 billion a year when it is in full operation.

Enclosure 3 to FCR(93-94)144

Management arrangements between TDC and Polytown Company Ltd

Existing HKCEC

Following in principle approval from the Executive Council in December 1983, the TDC invited bids for the development of the Hong Kong Convention and Exhibition Centre. The most competitive bid was received from New World Development Co. This bid was endorsed by the TDC Council on 14 December 1984 and by the Executive Council on 18 December 1984. The agreement involved the construction of the HKCEC by New World at no cost to the TDC or the Government, in exchange for associated development rights.

Management of HKCEC

2. The accepted bid from New World included New World's agreement to provide operational management of the Exhibition Centre, to meet all promotional operational and furnishing costs of the Centre and to pay to TDC an annual fee of US\$650,000. This was subsequently improved through negotiation to the higher of US\$650,000 or 5% of the Centre's gross operating costs.

Polytown Ltd and the 'non-competition clause'

3. Subsequently, an operation and management agreement was signed between the TDC and Polytown Company Ltd, a fully owned subsidiary of New World. A copy of the key clauses is at the Annex. The duration of the contract was for forty years, during which both parties agreed not to participate in the development of other exhibition facilities in Hong Kong (clause 4.5).

Performance criteria

4. The quid pro quo for the contract duration and the 'non-competition clause' was the insertion in the agreement of performance criteria to be observed by Polytown (clause 5). Failure to observe these could result in the TDC discontinuing to use Polytown as the HKCEC's operator/manager.

The new extension: why use Polytown?

5. The entire rationale for the extension is that is precisely that—an *extension*—and not a new building. It will be used to host exhibitions and conventions too large for the existing facility, which are already having to be turned away. To attempt to have two operators for the same facility would increase costs and prevent effective co-ordination. Neither the Government nor the TDC would wish to see such an arrangement.

Does Polytown provide value-for-money/good service?

6. Polytown's performance under its existing agreement with the TDC has been of a consistently high standard. The ways used by TDC to monitor Polytown include—

- (a) audits of revenue are conducted quarterly and cover all events held in the Centre;
- (b) TDC staff conduct random physical inspections at least twice a month to monitor events;
- (c) the TDC employs maintenance/monitoring consultants to inspect building systems and overall level of building maintenance. These consultants report to the TDC monthly; and
- (d) the TDC conducts its own evaluations in its capacity as a major user of the Centre.

7. Independent confirmation of the success of the current management arrangements comes in the form of numerous testimonials sent by both local and overseas holders of conventions or exhibitions in the Centre, including major international bodies such as the Asian Development Bank.

What are the legal implications of the 'non-competition clause' for the management of the future extension?

8. Assuming that Polytown, the existing managers of the HKCEC, continue to perform effectively, the existing agreement will continue to bind both parties. That is, Polytown will have to set aside the 'non-competition' clause in order to allow the TDC to take part in developing the extension. Formal agreement from Polytown to do so will be required before the entrustment agreement is executed.

9. TDC have sought the opinion of a London QC, Mr Christopher Clark, on the applicability of the 'non-competition clause' to the proposed extension. The Government's Crown Solicitor has been consulted on this advice. His view is that the original agreement between TDC and Polytown sets out certain long term arrangements for the operation of the Exhibition Centre by the Consortium. Clause 4.5 imposes restraints on the parties which are directed against activities which may alter the economics governing the operation of the Exhibition Centre. The restraints imposed on TDC by clause 4.5.1 of the agreement between TDC and New World are extensive and would affect its ability to participate in the proposed Centre extension, as contemplated. On the question of whether the clause is legally enforceable against TDC, he has read the advice provided to TDC by Mr Christopher Clark QC, in which he considers the enforceability of clause. The Crown Solicitor agrees generally with the advice that the clause is likely to be enforceable.

10. The Crown Solicitor's view is that any action of TDC contrary to the restraint of clause 4.5.1 may well present it with formidable legal difficulties. He has advised that it is important that, before TDC act in pursuance of the proposed extension, it ensure that by so doing it is not inviting legal action which, he anticipates, could take years to resolve.

How can the Government ensure that the terms of any new management agreement are fair?

11. For the terms of any draft agreement to be regarded as satisfactory, they will need—

- (a) to be at least *better than the existing terms* in terms of percentage return to the TDC;

- (b) to contain *no element of development profit* for New World/Polytown; and
- (c) to be *subject to detailed scrutiny* by the PCC.

Summary

12. The negotiation of the arrangements for the management contract for the new extension will be carried out by the TDC. These arrangements will be vetted carefully by the PCC.

Annex

Extract of the 19 December 1985 'Exhibition Centre Operation Agreement' between the Hong Kong Trade Development Council and Polytown Company Limited

4.5 Noncompetition

4.5.1 The TDC shall not during the term of this Agreement develop or co-develop, or sponsor, endorse or otherwise participate in the establishment of any exhibition facility or trade mart located in Hong Kong other than the Exhibition Centre and in operation at any time during the term of this Agreement.

4.5.2 The Consortium shall not during the term of this Agreement develop, co-develop, sponsor, endorse, manage, operate, promote or otherwise participate in any exhibition facility or trade mart located in Hong Kong other than the Exhibition Centre and in operation at any time during the term of this Agreement.

5. TERM AND TERMINATION

5.1 Term

Subject always to the provisions for earlier termination contained in Clause 5.3 hereof, this Agreement shall come into effect on the date hereof and shall continue for an initial term of forty (40) years commencing with effect from the Date of Substantial Completion and thereafter for further successive periods of ten (10) years each subject to the TDC in its discretion, such discretion to be exercised reasonably, being satisfied that the Consortium has operated and managed the Exhibition Centre in accordance with the performance criteria set out below during such initial forty (40) year term or such ten (10) year period (as the case may be). Where, having exercised its discretion reasonably, the TDC is not satisfied that the Consortium has managed and operated the Exhibition Centre in accordance with the performance criteria set out below during the initial forty (40) year term or the relevant ten (10) year period, the TDC shall notify the Consortium in writing not less than sixty (60) days prior to the end of the initial forty (40) year term or the relevant ten (10) year period (as the case may be) that it does not wish the Consortium to continue to act as the operator and manager of the Exhibition Centre. The performance criteria referred to above shall be as follows:—

- (i) the Consortium shall at all times have due regard for and comply with the provisions of the Conditions of Grant and in particular the Sub-Agreement as to user dated 28th February 1985 annexed thereto;
- (ii) the Consortium shall where relevant have due regard for the provisions of the Hong Kong Trade Development Council Ordinance (Cap. 1114) and to the obligations imposed on and the functions of the TDC thereunder;

- (iii) having due regard for the provisions of paragraphs (i) and (ii) above, the Consortium shall advertise and promote the Exhibition Centre with the objective of obtaining the maximum usage for all of the facilities comprised therein;
- (iv) the Consortium shall operate and manage the Exhibition Centre at all times to a standard appropriate for first class world standard exhibition centres and for such purpose shall keep itself informed of, monitor and, at the reasonable request of the TDC, implement improvements and developments introduced by other operators and managers of exhibition or conference centres of a similar standard;
- (v) without prejudice to the generality of paragraph (iv) above, the Consortium shall procure that all the following facilities comprised within the Exhibition Centre namely the Arrival Hall, the Registration Area and all areas to which the public has access, the Auditoria, the Conference Hall, the Meeting Rooms and the Restaurants and Kitchens are operated and maintained to a standard appropriate for a first class hotel in Hong Kong.

5.2 Failure to Meet Performance Criteria

The TDC shall have the right at any time during the term of this Agreement to instruct the Consortium to replace the Manager if in its reasonable opinion the Manager has failed

to adhere to the performance criteria set out in Clause 5.1 hereof. The Consortium shall procure a replacement for the Manager acceptable to the TDC within ninety (90) days of receipt of such instruction from the TDC.

5.3 Termination for Material Breach

5.3.1 If either party commits a material breach of any of its obligations under this Agreement, (such obligations including in particular but without limitation in the case of the Consortium its obligation to comply with and take recognition of the Conditions of Grant) the other party shall give notice thereof to the breaching party. If such material breach shall not have been remedied within ninety (90) days after the receipt of such notice, then the other party shall have the right to terminate this Agreement by giving written notice of termination to the breaching party not later than thirty (30) days after the expiration of such ninety (90) day period.

5.3.2 The TDC shall be entitled to terminate this Agreement forthwith by notice in writing to the Consortium in the event that the Consortium shall enter into liquidation (except for the purposes of an amalgamation or reconstruction previously approved in writing by the TDC) or shall have a receiver appointed of all or any part of its respective assets or shall take or suffer any similar action in consequence of a debt or shall cease or threaten to cease trading.

Enclosure to FCR(93-94)145

Summary of the Recommendations of the Establishment Subcommittee

EC

Item Head of
No. Expenditure

Recommendation

At the meeting on 1 March 1994

- 70 HEAD 43—CIVIL ENGINEERING
DEPARTMENT
HEAD 52—GOVERNMENT SECRETARIAT
HEAD 56—GOVERNMENT SECRETARIAT:
PLANNING, ENVIRONMENT
AND LANDS BRANCH AND
WORKS BRANCH
HEAD 58—GOVERNMENT SUPPLIES
DEPARTMENT
HEAD 60—HIGHWAYS DEPARTMENT
HEAD 91—LANDS DEPARTMENT
HEAD 168—ROYAL OBSERVATORY
HEAD 186—TRANSPORT DEPARTMENT
HEAD 194—WATER SUPPLIES
DEPARTMENT

To recommend to Finance Committee the retention of the following supernumerary posts relating to the Port and Airport Development Strategy and the Airport Core Programme projects with effect from 1 April 1994—
(a) for two years—
New Airport Projects Co-ordination Office, Works Branch,
Government Secretariat
1 Administrative Officer Staff Grade A
(D6)(\$117,400)
1 Administrative Officer Staff Grade B
(D3)(\$92,250-\$97,800)
1 Principal Crown Counsel
(DL3)(\$92,250-\$97,800)
1 Principal Government Engineer
(D3)(\$92,250-\$97,800)
2 Administrative Officers Staff Grade C
(D2)(\$79,400-\$84,250)
1 Government Engineer
(D2)(\$79,400-\$84,250)
2 Chief Engineers
(D1)(\$66,800-\$70,950)
Transport Branch, Government Secretariat
1 Administrative Officer Staff Grade C
(D2)(\$79,400-\$84,250)