

**立法會**  
***Legislative Council***

LC Paper No. FC75/99-00  
(These minutes have been  
seen by the Administration)

Ref : CB1/F/1/2

**Finance Committee of the Legislative Council**

**Minutes of the 4th meeting  
held at the Legislative Council Chamber  
on Friday, 26 November 1999 at 2:30 pm**

**Members present:**

Hon CHAN Kam-lam (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
Hon James TIEN Pei-chun, JP  
Hon David CHU Yu-lin  
Hon HO Sai-chu, SBS, JP  
Hon Cyd HO Sau-lan  
Hon Edward HO Sing-tin, SBS, JP  
Hon Michael HO Mun-ka  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon LEE Wing-tat  
Hon LEE Cheuk-yan  
Hon Martin LEE Chu-ming, SC, JP  
Hon Eric LI Ka-cheung, JP  
Hon LEE Kai-ming, SBS, JP  
Dr Hon David LI Kwok-po, JP  
Dr Hon LUI Ming-wah, JP  
Hon NG Leung-sing  
Prof Hon NG Ching-fai  
Hon Margaret NG  
Hon Mrs Selina CHOW LIANG Shuk-ye, JP  
Hon MA Fung-kwok  
Hon CHEUNG Man-kwong  
Hon Ambrose CHEUNG Wing-sum, JP  
Hon HUI Cheung-ching  
Hon Christine LOH  
Hon CHAN Kwok-keung  
Hon CHAN Yuen-han  
Hon Bernard CHAN

Hon CHAN Wing-chan  
Dr Hon LEONG Che-hung, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, JP  
Hon LEUNG Yiu-chung  
Hon Gary CHENG Kai-nam, JP  
Hon SIN Chung-kai  
Dr Hon Philip WONG Yu-hong  
Hon WONG Yung-kan  
Hon Jasper TSANG Yok-sing, JP  
Hon Howard YOUNG, JP  
Dr Hon YEUNG Sum  
Hon YEUNG Yiu-chung  
Hon LAU Chin-shek, JP  
Hon LAU Kong-wah  
Hon LAU Wong-fat, GBS, JP  
Hon Mrs Miriam LAU Kin-yea, JP  
Hon Ambrose LAU Hon-chuen, JP  
Hon Emily LAU Wai-hing, JP  
Hon CHOY So-yuk  
Hon Andrew CHENG Kar-foo  
Hon SZETO Wah  
Hon LAW Chi-kwong, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon FUNG Chi-kin  
Dr Hon TANG Siu-tong, JP

**Members absent:**

Hon Ronald ARCULLI, JP (Chairman)  
Hon Albert HO Chun-yan  
Hon Fred LI Wah-ming, JP  
Hon James TO Kun-sun  
Hon Andrew WONG Wang-fat, JP  
Hon Timothy FOK Tsun-ting, SBS, JP

**Public officers attending:**

|                     |   |
|---------------------|---|
| Miss Denise YUE, JP | Secretary for the Treasury                                  |
| Mrs Carrie LAM, JP  | Deputy Secretary for the Treasury (1)                       |
| Mr K K LAM          | Principal Executive Officer (General),<br>Finance Bureau    |
| Mr Patrick LI       | Principal Assistant Secretary for Education<br>and Manpower |
| Mr C S POON         | Assistant Director of Education                             |

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|                     |  |
|---------------------|--|
| Mr Stephen IP, JP   | Secretary for Economic Services                      |
| Mr M J T ROWSE, JP  | Commissioner for Tourism                             |
| Mr K Y TANG, JP     | Government Economist                                 |
| Mr Martin GLASS, JP | Deputy Secretary for the Treasury (2)                |
| Mr Kevin HO, JP     | Deputy Secretary for Transport                       |
| Mr Elvis AU         | Assistant Director of Environmental Protection       |
| Mr K A SALKELD, JP  | Deputy Secretary for Planning, Environment and Lands |
| Mr Y C LO, JP       | Director of Civil Engineering                        |
| Mr W K TAM          | Deputy Director of Civil Engineering                 |
| Mr MO Kim-ming      | Assistant Director of Buildings                      |

**Clerk in attendance:**

|               |                               |
|---------------|-------------------------------|
| Ms Pauline NG | Assistant Secretary General 1 |
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**Staff in attendance:**

|                  |                                 |
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| Miss Polly YEUNG | Chief Assistant Secretary (1)3  |
| Ms Sarah YUEN    | Senior Assistant Secretary (1)4 |

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As Mr Ronald ARCULLI, Chairman of Finance Committee (FC) was out of town, Mr CHAN Kam-lam, Deputy Chairman, chaired the meeting.

**Item No. 1 - FCR(1999-2000)47**

**LOAN FUND**

**HEAD 252 - LOANS TO SCHOOLS/TEACHERS**

**♦ Subhead 104 Loans to non-profit-making international schools**

**Capital assistance loan to the Australian International School Foundation Limited**

2. Noting that the site of the proposed Australian International School Hong Kong (AIS) would be granted to the Australian International School Foundation Limited (AISFL) by way of a private treaty grant, Miss Emily LAU enquired about the actual value of the site in question. In reply, the Secretary for the Treasury (S for Tsy) advised that land premium was determined according to the proposed use of the land. She would consult the relevant department on the assumption that the land in question would be used for building a profit-making school.

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3. Mr James TIEN enquired why the proposed AIS would be built on a prime site at Norfolk Road which could otherwise be used for other purposes yielding a higher return to the Government. The Principal Assistant Secretary for Education and Manpower (PAS(EM)) informed members that the AIS was already in operation at the proposed site which was formerly a school for children of the former British Forces in Hong Kong. However, due to some building works, the AIS was now accommodated at the Cheung Sha Wan Government Secondary School on a temporary basis. He supplemented that as the site covered a large area, two other primary schools, for which funding had been approved by FC, would also be built at the same site.

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4. Miss Cyd HO asked how the 5 780 square metres site compared with the site area for local schools and other international schools in Hong Kong. In reply, PAS(EM) confirmed that the site area for AIS was comparable to those for local schools accommodating an equivalent number of classes. As regards comparison with other international schools in Hong Kong, PAS(EM) agreed to provide the information after the meeting.

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5. In reply to Miss Emily LAU's enquiry about the standard class size of 32 students in public primary schools adopting the activity approach, the Assistant Director of Education (AD(E)) advised that the class size of 32 was an average figure which might vary among schools. At members' request, he agreed to provide information on the number of primary schools adopting the activity approach.

6. In reply to Mr NG Leung-sing's enquiry about the basis for the projected demand for and supply of international schools, AD(E) advised that the projection was based on the assessment made by a consultant commissioned to conduct independent surveys on the number of students requiring curricula of this nature. The figures were updated annually by the Education Department. The Administration had also collected information and views from relevant bodies including consulates and existing international schools.

7. On the competence of AISFL in managing a school, AD(E) advised that AISFL comprised Australian nationals in Hong Kong, some of whom were teaching staff at universities, and they have experience in educational matters.

8. In explaining Government's policy on the provision of international schools, PAS(EM) highlighted that where non-profit-making bodies planned to set up international schools for which there was an established demand, the Government would provide assistance by providing land grant at nominal premium and capital assistance in the form of an interest-free loan to help meet the building cost of the school. He added that in the present case, the \$77 million loan would help meet the estimated total cost of \$200 million.

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9. On the admission policy of international schools, AD(E) pointed out that non-profit-making international schools applying for land grant were required, inter alia, to cater for the special educational needs of a particular national, linguistic or cultural group whose requirements could not be adequately met within the existing school system. To ensure that priority was given to the target group(s) of students whom they should serve, the Administration required each international school to have at least 50% of its places taken up by students of its own nationality. After satisfying this requirement, the school would be at liberty to admit other students.

10. Mr CHEUNG Man-kwong, referring to the persistent shortfall in international school places, pointed out that the existing policy was inadequate to ensure that an international school would give priority to admitting its own nationals after meeting the 50% threshold. Mrs Selina CHOW however was of the view that it might not be practicable to require international schools to satisfy in full the demand for school places by their nationals before admitting other students. She remarked that in some cases, there might not be sufficient expatriate students to take up all the available school places. She considered the current 50% level acceptable but should be reviewed in future. Miss Emily LAU shared similar view and saw no major drawback in international schools admitting a certain mix of local students, particularly when there was such a demand among local students.

XX 11. In view of members' concerns, the Chairman suggested and members agreed that issues related to the admission policy of international schools should be pursued at the Education Panel if necessary.

Admin 12. In response to the Chairman's enquiry about the review on the policy on financial assistance to schools operated by the English Schools Foundation, PAS(EM) reported that the review was underway. The Administration would report the outcome to the Education Panel in due course and approval from FC would be sought, if required.

13. The Committee approved the proposal.

**Item No. 2 - FCR(1999-2000)48**

**CAPITAL INVESTMENT FUND**

**NEW HEAD "TOURISM"**

- ♦ **New Subhead "Equity in Hongkong International Theme Parks Limited"**
- ♦ **New Subhead "Loan to Hongkong International Theme Parks Limited"**
- ♦ **New Subhead "Subordinated Equity in Hongkong International Theme Parks Limited"**

14. On behalf of Members of the Hong Kong Confederation of Trade Unions, Mr LAU Chin-shek stated that they would only support the proposal if the Administration would pledge that workers would not be imported to fill jobs during the construction and operation stages of the Hong Kong Disneyland (HKD) project. He also urged the Administration to ensure that middle-aged, low-skilled workers would be suitably retrained to take up relevant jobs.

15. In response, the Secretary for Economic Services (SES) reiterated the Administration's stance at the recent special meetings that at present, it did not envisage the need to import labour for the HKD project. No change was contemplated for the existing control mechanism on importation of labour. He further assured members that the Administration would see to it that the retraining needs of middle-aged and low-skilled workers would be catered for.

16. Mr Martin LEE enquired whether the Disney Theme Park was capable of sustaining its attractiveness in the years to come. In response, the Commissioner for Tourism (C for Tourism) referred to Disney Theme Parks in the United States, Paris and Tokyo where there was continuous development of additional attractions to renew visitors' interest in the parks. Likewise, for the Disney Theme Park in Hong Kong, whilst only 17 attractions were planned to be provided upon park opening, over 10 more attractions would be added in subsequent years. C for Tourism also highlighted the attractiveness of a Hi-tech Hong Kong-equivalent downtown Disneyland to youngsters.

17. Mr SIN Chung-kai stated that Members of the Democratic Party (DP) supported the HKD project having regard to the following -

- (a) The financial arrangements for the project were not very satisfactory but Members of DP recognized that they were the outcome of negotiation which were mutually acceptable to the Walt Disney Company (WD) and the Government.
- (b) The HKD project would bring about economic benefits to Hong Kong and have a positive effect on the economy.

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- (c) In respect of the environmental aspects of the project, about which Members of DP were gravely concerned, the Administration had undertaken to ensure that all statutory procedures would be complied in full before commencing works. Members of DP would also urge the Government to use construction waste as fill materials as far as practicable.
- (d) The project would boost the confidence of the community, as well as the confidence of foreign investors in Hong Kong.

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18. On behalf of Members of DP, he requested that the Administration should make regular reports on the HKD project to the Economic Services Panel; and that the Economic Services Panel should hold special meetings to consider these regular reports. Both SES and Mr James TIEN, Chairman of Economic Services Panel, agreed that the progress of HKD would be followed up at the Economic Services Panel and special meetings would be held where appropriate.

19. Referring to the subordinated equity of \$4 billion injected by the Government into the Hongkong International Theme Parks Limited (HKITP), Miss Emily LAU queried whether this was the best arrangement for Hong Kong, having regard to the pre-requisites before the subordinated shares in question could be converted in full to ordinary shares which attracted dividends. She was concerned that the delay in share conversion might put Hong Kong in a disadvantageous position in profit-sharing.

20. In this respect, Mr James TIEN considered that it might not be advisable to impose a moratorium of five years after park opening for conversion of subordinated shares, particularly if good profits could already be yielded in the first two or three years of operation.

21. In response, C for Tourism and the Deputy Secretary for the Treasury (2) (DS(Tsy)2) pointed out that subordinated equity was the most appropriate and fairest method mutually agreed to settle the land premium, considering that project economics in the Base Case did not permit HKITP to pay cash up front for the land. Moreover, where the company's operating performance exceeded the Base Case, this arrangement would ensure that the Government would be able to capture its fair share of the project's upside potential by way of converting the subordinated shares into ordinary shares. In the case of Tokyo, WD did not have to pay for the land for the theme park, and in France, the Government sold the land to WD at historical agricultural prices but with an approval for further development. For HKD, however, the full premium was payable.

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22. Regarding the five-year moratorium after park opening for share conversion, C for Tourism said that this was necessary so as to allow sufficient time for fluctuation in business in the early years to stabilize. He further explained that under present business forecasts, HKITP would not expect to pay cash dividends until some 13 or 14 years after park opening. Hence, conversion of subordinated shares in five or 10 years' time was not so pressing an issue. DS(Tsy)2 supplemented that notwithstanding the five-year moratorium, in all upside situations, the ordinary shares converted in full at the end of the 25-year period were expected to be trading at a premium.

23. On the conversion arrangement, C for Tourism and DS(Tsy)2 advised that to make the project an attractive commercial venture to existing and potential third investors, the subordinated shares would need to be converted in a gradual manner so as not to dilute substantially within a short period of time the benefits of the ordinary shares held by other investors. C for Tourism also confirmed that where HKITP performed at or below the Base Case, no conversion would take place. He explained that in practice, the company's actual performance each year would be kept track of against the Base Case forecast. If the operating performance exceeded the Base Case, conversion of subordinated shares could commence from the sixth year onwards after park opening. Members also noted that the conversion would be effected at no extra charge.

24. In reply to Mr James TIEN's further enquiry about the reasons for imposing a permitted conversion ceiling of 5% per annum cumulatively and an annual cap of 10% on conversion, C for Tourism pointed out that while the Government would be entitled to sell down all its shares over the life of the project, WD would be required to retain at all times a minimum investment of 1.9 billion shares. WD would therefore need to safeguard against excessive dilution of its significant equity by capping the pace and rate of share conversion so that the process would take place progressively.

25. C for Tourism also pointed out that if operating performance of the HKITP far exceeded the Base Case in its initial years, the capital expenditure on expansion might also have to be brought forward. On some members' concern about capturing the fair share of the upside early, he elucidated with the scenario that if HKITP was able to pay cash dividends in its 10<sup>th</sup> or 11<sup>th</sup> year of park operation, the Government would still be able to receive dividends on some 25% to 30% of its total subordinated shares (worth at \$4 billion) converted into ordinary shares, plus dividends in respect of its equity of \$3.25 billion.

26. As regards Miss Emily LAU's question on the working mechanism of conversion, including the pace, timing and conversion caps, the Chairman suggested and C for Tourism agreed to set out the details in writing, illustrated

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with a chart for easy reference.

27. In this connection, S for Tsy acknowledged members' concerns about the financing arrangements for the HKD project, notably whether the subordinated equity to be injected by the Government into HKITP would be in the best interest of Hong Kong. She stressed that whilst members might be able to propose other options containing terms more favourable for Hong Kong, the present arrangement of subordinated equity was the outcome of protracted negotiation which was mutually acceptable to WD and the Government. She pointed out that as WD had been granted concessions in respect of the theme parks in Tokyo and Paris, it was quite unprepared to pay for the full cost of the land. If the Government had adopted a charging method similar to that of the French Government, the premium of the land for the Hong Kong Disney Theme Park would only amount to some \$30 million. Given that the project economics in the Base Case would not support the payment of \$4 billion in cash up front for the land, the Administration was of the view that the settlement of the premium by way of subordinated equity convertible over time in a phased manner to ordinary shares was a fair and viable option. Having taken all relevant factors into consideration, S for Tsy re-affirmed that the present arrangement was a balanced approach in the interest of Hong Kong and all parties concerned, and which the Administration could recommend to the FC for its approval.

28. Mr HUI Cheung-ching sought the Administration's confirmation that the relevant works would not proceed before endorsement of the Environmental Impact Assessment (EIA) reports. In reply, C for Tourism re-affirmed that works for the project would not commence until all statutory procedures had been completed and relevant permits obtained in accordance with the law. In the unlikely event that the necessary Environmental Permits could not be obtained or would be subject to conditions which precluded theme park operation, then, the entire project would not proceed.

29. Noting that mainly earth or marine fill, instead of inert construction waste, would be used for stage 1 reclamation at Penny's Bay, Miss Christine LOH queried whether this choice of fill material would pose a problem if subsequent EIA studies confirmed that construction waste, instead of marine fill, should be used for the reclamation.

30. In response, the Director of Civil Engineering (DCE) clarified that the types of fill had been reviewed in the previous EIA studies conducted in respect of the container port project previously planned. He further confirmed that according to these studies, both natural fill and inert construction waste were suitable fill material for reclamation at Penny's Bay.

31. Miss Margaret NG said that having considered available information, she was not wholly convinced of the benefits brought about by the HKD project as stated by the Administration but she was prepared to let the

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Government go ahead. Nevertheless, she was gravely concerned that the Government seemed to have abandoned the normal procedures of satisfying the Town Planning Board of all necessary requirements, including environmental impact assessments. She queried the appropriateness of proceeding with the HKD project in the absence of information on its impact on the environment.

32. In reply, C for Tourism informed members that the Town Planning Board had agreed on a revised Outline Zoning Plan for North-East Lantau which was then gazetted in August 1999. Of the objections received so far, none challenged the planning intention of the area for tourism/recreation-related purposes. He assured members that these objections were being dealt with in accordance with the Town Planning Ordinance.

33. On the environmental aspects, C for Tourism re-affirmed previous assurances that the Administration was not relying solely on the EIA studies conducted in respect of the container port development and that a formal EIA for theme park purposes was underway. Nevertheless, he advised that based on the many studies conducted so far, there was no indication of any insurmountable environmental issues in connection with the HKD project and its associated developments.

34. In this connection, the Assistant Director of Environmental Protection (AD(EP)) advised that an EIA study by the Civil Engineering Department (CED) had been underway for some 1½ years for the Northshore Lantau Development. Based on the current proposal, CED had also completed an Environmental Review of the reclamation works in Penny's Bay against the previously completed EIA reports. The findings of the Review were presented to the Advisory Council on the Environment (ACE) on 27 September 1999. He further pointed out that the HKD development in Penny's Bay had been gazetted as a Designated Project under the Environmental Impact Assessment Ordinance (EIAO) in July 1999 and would be subject to strict control under the EIAO and other environmental legislation.

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35. On Miss Margaret NG's concern about monitoring of the progress on EIA procedures, C for Tourism said that the Administration would include information on this aspect in its periodic reports to the Economic Services Panel.

36. Miss Cyd HO referred to the recent special meeting of the Economic Services Panel where the Administration undertook to provide further information on the percentage drop in visitors to the park at which the project could still break even. However, no reply had yet been received. The Chairman recalled that at the special Panel meeting, the Administration had also pointed out that it might not be very realistic to make a projection on the basis of a change in just one variable when in fact, all variables were equally subject to changes.

37. DS(Tsy)2 advised that assuming the value of all other parameters in the Base Case scenario remained unchanged, the project could still break even if there was drop of 30% in projected attendance. Both he and C for Tourism remarked that the Administration was ready to respond to members' questions on this issue at the Public Works Subcommittee (PWSC) meeting on 17 November 1999 but no such questions had been raised.

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38. In this connection, Mr James TIEN, Chairman of Economic Services Panel, pointed out that the Administration should have provided the requested information to the Economic Services Panel after the meeting as agreed, instead of leaving it to members to raise the issue at the subsequent PWSC meeting. He reminded the Administration that as a general practice, where the Administration had undertaken to provide certain information at a particular committee meeting, it should provide such information to the committee concerned, instead of relying on members to follow up on their own at another committee.

39. Miss Cyd HO asked whether the Administration would provide members with a copy of its Project Agreement with WD for the development of HKD as previously requested by some members. She considered that the Administration had not been forthcoming in releasing information on the project and in the absence of a copy of the Project Agreement, it would be difficult for members to seek information on relevant aspects of the project.

40. In response, C for Tourism re-affirmed the previous reply that due to the need to respect commercial confidentiality, the Administration would not be able to provide members with a copy of the Agreement as long as it remained commercially sensitive. Instead, the Administration had prepared, and would prepare, information papers on key aspects of the Project Agreement if so requested by members. Miss Cyd HO said that she was not satisfied with the way the Administration disseminated information and expressed serious reservation on the present proposal.

41. The Chairman put the item to vote. 37 members voted for the proposal, 3 voted against and 1 abstained:

*For:*

Mr Kenneth TING Woo-shou

Mr David CHU Yu-lin

Mr Edward HO Sing-tin

Dr Raymond HO Chung-tai

Mr Martin LEE Chu-ming

Dr LUI Ming-wah

Mrs Selina CHOW LIANG Shuk-ye

Mr CHEUNG Man-kwong

Mr James TIEN Pei-chun

Mr HO Sai-chu

Mr Michael HO Mun-ka

Mr LEE Cheuk-yan

Mr LEE Kai-ming

Mr NG Leung-sing

Mr MA Fung-kwok

Mr HUI Cheung-ching

Mr CHAN Kwok-keung  
Mr CHAN Wing-chan  
Mrs Sophie LEUNG LAU Yau-fun  
Mr SIN Chung-kai  
Mr WONG Yung-kan  
Mr Howard YOUNG  
Mr YEUNG Yiu-chung  
Mr Ambrose LAU Hon-chuen  
Mr SZETO Wah  
Mr TAM Yiu-chung  
Dr TANG Siu-tong  
(37 members)

Miss CHAN Yuen-han  
Dr LEONG Che-hung  
Mr Gary CHENG Kai-nam  
Dr Philip WONG Yu-hong  
Mr Jasper TSANG Yok-sing  
Dr YEUNG Sum  
Mrs Miriam LAU Kin-yee  
Miss CHOY So-yuk  
Mr LAW Chi-kwong  
Mr FUNG Chi-kin

*Against:*

Miss Cyd HO Sau-lan  
Miss Christine LOH  
Miss Emily LAU Wai-hing  
(3 members)

*Abstention:*

Miss Margaret NG  
(1 member)

42. The Committee approved the proposal.

**Item No. 3 - FCR(1999-2000)49**

**RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 17 NOVEMBER 1999**

43. Miss Emily LAU sought the Administration's views on the letter from Friends of the Earth (circulated to members vide LC Paper No. FC23/99-00) expressing concerns about the environmental implications of the HKD project, in particular the Administration's fast-track approach to proceed with the HKD project prior to completing a separate and thorough EIA study. In response, C for Tourism reiterated that a detailed EIA study would be carried out specifically for the HKD project to address potential environmental issues arising from the project per se, and all the statutory procedures would be strictly complied with and all relevant permits obtained in accordance with the law before the Administration would award any relevant contract or start works on site. He further assured members that the Administration would be able to complete all the requisite EIA procedures according to the announced timetable without compromising their quality because much of the background research work completed in connection with the original container port development would continue to be useful in assessing the environmental impacts of the HKD

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project.

44. Referring to the Administration's earlier statement that HKD's EIA study could be completed in some four or five months, AD(EP) reported that four formal EIA studies had already been conducted on the container port development from 1993 to 1995 and the relevant reports had also been endorsed by the ACE. Thereafter CED had completed a one to two-year survey on the impacts of the container port development on the Chinese White Dolphin and marine ecology. During 1996 to 1998, the Agriculture and Fisheries Department had also conducted a two-year study on the Chinese White Dolphin. Where the Northshore Lantau Development was concerned, CED had also been conducting a comprehensive EIA study since early 1998 to complete a four-season terrestrial survey.

45. Addressing Miss Emily LAU's concern about whether the relevant EIA permits could be obtained in time to facilitate the timely award of contracts to meet the HKD project's Milestone Dates, DCE pointed out that the Administration had been examining possible alternative development scenarios for North-East Lantau for quite some time. As such, CED had already completed an Environmental Review of the reclamation works in Penny's Bay against the previously completed EIA reports in the context of developing North-East Lantau as an important tourism and recreation area, and the review results had already been presented to the ACE on 27 September 1999. The review had concluded that the environmental impacts of the reclamation works for the HKD development would be less than those arising from the container port development, mainly due to the reduced scale of reclamation and the elimination of the needs for a breakwater, an approach channel and a land borrow area. In consideration of this and the fact that the EIA study for the HKD development would only serve to re-confirm and update findings of previous EIAs and to address any alterations in the light of the specific impacts of theme park operation, the Administration was confident that the relevant EIA permits could be issued in time.

46. In response to Mr LAW Chi-kwong, AD(EP) confirmed that the EIA study of the HKD project would include its impacts on fishery and impacts arising from park operation, in particular the nightly display of fireworks. In this connection, Miss Emily LAU expressed concern about control of the environmental impacts of the fireworks displays, especially as the Administration had already agreed that if revised legislation were ever being contemplated to change environmental standards, particularly in relation to noise, to the extent that the fireworks displays would be rendered impossible, special regard would be given to the position of HKD.

47. In response, C for Tourism stressed that the combined firework and laser shows at HKD would be specially designed to be less noisy and intrusive outside the site. He also reiterated that HKD would comply in full with the

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laws of Hong Kong and observe all safety and environmental standards in operation when the relevant licences were first issued. Insofar as the laws changed from time to time, HKD would have to comply with any new safety standards and, to the extent possible, any environmental requirements upon each subsequent renewal of the licences. However, as HKD's land grant would span 100 years, it was possible that during this long period the noise legislation might change to such an extent as to reduce the possibility of the nightly fireworks displays even with reasonable adaptations. The Chief Executive in Council was therefore prepared to give special consideration to the circumstances of HKD when there was such a need in future. C for Tourism however pointed out that existing local noise standards were already sufficiently stringent to protect the public against noise intrusion and the likelihood of further tightening the law was not high.

48. Miss Emily LAU however opined that as the community was becoming more environmentally conscious, it was highly likely that existing environmental standards would be tightened. She was therefore concerned about the possible exemption of HKD from complying with new statutory standards which was against the principle that everyone should be equal before the law. She questioned whether WD might have formed the impression that they would be exempted from complying with local environmental standards and hence claim compensation if they were not so exempted. In response, C for Tourism stressed that HKITP would be required to comply with all relevant laws and that requests for exemption would not be acceded to lightly.

49. Addressing concern about the timely commissioning of the Penny's Bay Rail Link, C for Tourism advised that since HKD would not open until some 5½ years later, the Rail should be ready in time for park opening. In the very unlikely event of delayed commissioning, no compensation would be payable by the Government but the HKITP would, as their recourse under the contract, have the option of delaying the opening of HKD, or negotiating with the Administration on alternative transport arrangements such as by shuttle bus service between HKD and any existing mass transit railway (MTR) station or the proposed Yam O Railway Station. The Deputy Secretary for Transport supplemented that as far as he understood from the MTR Corporation, since construction of the Rail Link was comparatively simple, it could be completed in time for park opening. If not, alternative transport arrangements would be readily available.

50. Miss Christine LOH stated that as the Administration had failed to provide new information to address her concerns raised at the PWSC meeting on 17 November 1999, she could not support the present proposal.

51. The Chairman put the proposal to vote. 36 members voted for the proposal, three voted against and one abstained:

*For:*

|                                |                          |
|--------------------------------|--------------------------|
| Mr Kenneth TING Woo-shou       | Mr James TIEN Pei-chun   |
| Mr David CHU Yu-lin            | Mr HO Sai-chu            |
| Mr Edward HO Sing-tin          | Mr Michael HO Mun-ka     |
| Dr Raymond HO Chung-tai        | Mr LEE Cheuk-yan         |
| Mr Martin LEE Chu-ming         | Mr Eric LI Ka-cheung     |
| Mr LEE Kai-ming                | Dr LUI Ming-wah          |
| Mr NG Leung-sing               | Prof NG Ching-fai        |
| Mrs Selina CHOW LIANG Shuk-yee | Mr MA Fung-kwok          |
| Mr CHEUNG Man-kuong            | Mr HUI Cheung-ching      |
| Mr CHAN Kwok-keung             | Mr Bernard CHAN          |
| Mr CHAN Wing-chan              | Dr LEONG Che-hung        |
| Mrs Sophie LEUNG LAU Yau-fun   | Mr Gary CHENG Kai-nam    |
| Mr SIN Chung-kai               | Dr Philip WONG Yu-hong   |
| Mr WONG Yung-kan               | Mr Howard YOUNG          |
| Dr YEUNG Sum                   | Mr LAU Wong-fat          |
| Mrs Miriam LAU Kin-yee         | Mr Ambrose LAU Hon-chuen |
| Mr SZETO Wah                   | Mr LAW Chi-kuong         |
| Mr FUNG Chi-kin                | Dr TANG Siu-tong         |

(36 members)

*Against:*

Miss Cyd HO Sau-lan  
Miss Christine LOH  
Miss Emily LAU Wai-hing  
(3 members)

*Abstention:*

Miss Margaret NG  
(1 member)

52. The Committee approved the proposal.

**Item No. 4 - FCR(1999-2000)50**

**RECOMMENDATION OF THE ESTABLISHMENT  
SUBCOMMITTEE MADE ON 17 NOVEMBER 1999**

53. Miss Emily LAU referred to LC Paper No.CB(1)456/99-00 on liquidated damages for construction delays and sought elaboration on the scope of item 1(f) - "any special circumstances of any kind whatsoever". In reply, C for Tourism advised that this item referred to any situation which was not listed

under paragraph 3 of the said paper (the paragraph listed the reasons for which the Engineer could grant extensions of time to the contractor but which did not count for an extension of time without penalty for the progress of the Master Project Agreement (MPA)). C for Tourism further pointed out that as such, item 1(f) would resemble a "catch-all" item as the scope of circumstances which could give rise to a corresponding extension of time, and hence adjustment of all subsequent Milestone Dates without penalty, for the purposes of the MPA would be sufficiently wide to provide greater protection for the Government's position and tax-payers' money.

54. The Chairman put the item to vote. 38 members voted for the proposal, two voted against and one abstained:

*For:*

Mr Kenneth TING Woo-shou  
Mr David CHU Yu-lin  
Mr Edward HO Sing-tin  
Dr Raymond HO Chung-tai  
Mr Martin LEE Chu-ming  
Mr LEE Kai-ming  
Mr NG Leung-sing  
Mrs Selina CHOW LIANG Shuk-yee  
Mr CHEUNG Man-kwong  
Mr CHAN Kwok-keung  
Mr Bernard CHAN  
Dr LEONG Che-hung  
Mr Gary CHENG Kai-nam  
Dr Philip WONG Yu-hong  
Mr Howard YOUNG  
Mr LAU Wong-fat  
Mr Ambrose LAU Hon-chuen  
Mr SZETO Wah  
Mr FUNG Chi-kin  
(38 members)

Mr James TIEN Pei-chun  
Mr HO Sai-chu  
Mr Michael HO Mun-ka  
Mr LEE Cheuk-yan  
Mr Eric LI Ka-cheung  
Dr LUI Ming-wah  
Prof NG Ching-fai  
Mr MA Fung-kwok  
Mr HUI Cheung-ching  
Miss CHAN Yuen-han  
Mr CHAN Wing-chan  
Mrs Sophie LEUNG LAU Yau-fun  
Mr SIN Chung-kai  
Mr WONG Yung-kan  
Dr YEUNG Sum  
Mrs Miriam LAU Kin-yee  
Miss CHOY So-yuk  
Mr LAW Chi-kwong  
Dr TANG Siu-tong

*Against:*

Miss Cyd HO Sau-lan  
Miss Emily LAU Wai-hing  
(2 members)

*Abstention:*

Miss Margaret NG  
(1 member)

55. The Committee approved the proposal.

**Item No. 5 - FCR(1999-2000)51**

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE  
MADE ON 3 NOVEMBER 1999**

56. The Committee approved the proposal.
57. The Committee was adjourned at 4:40 p.m.

Legislative Council Secretariat  
29 March 2000