

LC Paper No. PWSC30/99-00

(These minutes have been  
seen by the Administration)

Ref : CB1/F/2/2

**Public Works Subcommittee of the Finance Committee  
of the Legislative Council**

**Minutes of the 4<sup>th</sup> meeting  
held at the Legislative Council Chamber  
on Wednesday, 17 November 1999, at 10:45 am**

**Members present:**

Hon HO Sai-chu, SBS, JP (Chairman)  
Ir Dr Hon Raymond HO Chung-tai, JP (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
Hon James TIEN Pei-chun, JP  
Hon Cyd HO Sau-lan  
Hon Edward HO Sing-tin, SBS, JP  
Hon LEE Wing-tat  
Hon Eric LI Ka-cheung, JP  
Hon Fred LI Wah-ming, JP  
Hon CHEUNG Man-kwong  
Hon Christine LOH  
Hon CHAN Yuen-han  
Hon CHAN Kam-lam  
Dr Hon LEONG Che-hung, JP  
Hon Gary CHENG Kai-nam, JP  
Hon SIN Chung-kai  
Hon WONG Yung-kan  
Hon Mrs Miriam LAU Kin-yee, JP  
Hon Emily LAU Wai-hing, JP  
Hon TAM Yiu-chung, GBS, JP  
Dr Hon TANG Siu-tong, JP

**Member attending:**

Dr Hon Philip WONG Yu-hong

**Members absent:**

Prof Hon NG Ching-fai  
Hon James TO Kun-sun  
Hon LAU Kong-wah  
Hon Andrew CHENG Kar-foo  
Hon LAW Chi-kwong, JP

**Public officers attending:**

Miss Elizabeth TSE	Deputy Secretary for the Treasury
Mr James HERD	Principal Assistant Secretary for the Treasury (Works)
Mr S S LEE, JP	Secretary for Works
Mr Patrick LAU, JP	Deputy Secretary for Planning, Environment and Lands (Lands and Planning)
Mr Rob LAW, JP	Director of Environmental Protection
Mr LEUNG Kwok-sun, JP	Director of Highways
Ms Shirley LAM	Principal Assistant Secretary for Transport
Mr John CHAI	Deputy Project Manager/Major Works, Highways Department
Mrs Joanna KWOK	Chief Engineer/Strategic Roads, Transport Department
Mr K A SALKELD, JP	Deputy Secretary for Planning, Environment and Lands (Environment)
Mr M J T ROWSE	Commissioner for Tourism
Mr Y C LO, JP	Director of Civil Engineering
Mr W K TAM	Deputy Director of Civil Engineering (Special Duties)

**Clerk in attendance:**

Miss Polly YEUNG	Chief Assistant Secretary (1)3
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**Staff in attendance:**

Ms Pauline NG	Assistant Secretary General 1
Mr Jimmy MA	Legal Adviser
Ms Anita SIT	Senior Assistant Secretary (1)8

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**PUBLIC WORKS PROGRAMME**

**Upgrading of projects to Category A**

**HEAD 706 - HIGHWAYS**

**PWSC(1999-2000)71      519TH      Route 10 - North Lantau to Yuen Long Highway**

The Chairman reminded members that subsequent to the meeting on 3 November 1999 at which this proposal had been discussed and withdrawn by the Administration, a joint meeting of the Transport Panel and the Planning, Lands and Works Panel was held on 12 November 1999 to discuss details of the proposal. In response to members' requests at the joint Panel meeting, the Administration had provided further information which was issued to members vide LC Paper No. CB(1)394/99-00 on 16 November 1999.

2. Dr Raymond HO said that his major concern was whether the completion of Tsing Lung Bridge (TLB) could be advanced by adopting the "Design and Build" approach. He was satisfied with the Administration's explanation that the "Design and Build" approach for procurement of the proposed TLB would not necessarily expedite the process. He expressed support for the present proposal.

3. Noting from the discussion paper that even with Route 10 (North Lantau - Yuen Long Highway) (Route 10 (NL-YLH)) in place, the volume to capacity ratio of Lantau Link would still reach 1.04 by year 2007 and 1.26 by year 2011, Mr CHAN Kam-lam enquired whether there was any plan to address the projected traffic congestion on Lantau Link. In reply, the Chief Engineer/Strategic Road, Transport Department advised that a further section of Route 10 linking North Lantau with Hong Kong Island was under planning and this section of Route 10 was scheduled for completion between year 2009 and 2011.

4. Noting that the proposed TLB would be a suspension bridge of a slightly longer span than the existing Tsing Ma Bridge (TMB) with similar structural complexity, Mr James TIEN enquired about the estimated construction cost for TLB and how the cost compared with that for TMB.

5. The Director of Highways (DH<sub>y</sub>) advised that the construction cost for TMB, which was completed in 1997, was about \$7.3 billion in money-of-the-day prices while the estimated construction cost for TLB was about \$7 billion at current prices. While TLB would be of slightly longer span than TMB, it would not carry a railway as in the case of TMB. The need for a long central span of 1418 metres for TLB was due to the bridge's location at the Ma Wan Channel which required a navigational channel width of 1100 metres. Given

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the heavy marine traffic at the channel, with an estimated 1300 vessels passing through the channel each day in year 2011, encroachment of the channel by the bridge towers must be avoided. As to how aviation clearance would be taken into account in the design for TLB, DHy advised that the Civil Aviation Department had prescribed a height limit for the towers of TLB in this regard.

6. Miss Emily LAU enquired about the measures that would be adopted to expedite the project and the risks these measures would entail. In this connection, the Chairman informed members that some members had earlier on expressed concern about the long time required for the project, and had urged the Administration to explore ways to advance the completion of the project. DHy advised that it was unlikely that the construction period of 5 years for TLB could be reduced. The programme was considered appropriate having regard to the experience of TMB and bridge construction periods elsewhere. However, in order not to delay the target commissioning of Route 10 (NL-YLH) in year 2007, the Administration had tried to expedite and compress the pre-construction activities for TLB as far as practicable. He then referred to the project implementation programme set out in Annex K of Enclosure 3 to the discussion paper and said that for instance, instead of seeking approval to upgrade the construction of TLB to Category A of the Public Works Programme upon completion of the detailed design according to existing set procedures, exceptional early approval for upgrading would be sought a few months in advance of the scheduled completion of the detailed design. He affirmed that the Administration considered the present project implementation programme practicable and that relevant statutory/prescribed procedures would not be compromised and an increase in construction costs would not be incurred.

7. Mr Edward HO enquired whether the option of constructing a tunnel in place of the proposed TLB had been explored, and if so, the reasons for discarding the option. In reply, the Deputy Project Manager/Major Works, Highways Department confirmed that the tunnel option had been examined but found not feasible. He said the subject was a complicated one and briefly explained that the seabed in this area was over 30 metres deep and that a tunnel across the Ma Wan Channel would need to be over 100 metres below the current proposed bridge level which was about 70 metres above sea. As such, the low level of any tunnel option would make road connections at both ends of the Channel, which were situated mostly at high levels, extremely difficult. He quoted the Northern side of TLB as an example and said that the hilly topography would make connections to Tuen Mun Road (TMR), even at So Kwun Wat, not feasible. As regards the cost difference between the tunnel option and the bridge option, DHy made reference to the construction cost of the Western Harbour Crossing which was about \$7 billion and pointed out that the recurrent costs for maintaining and operating a tunnel were normally much higher than those for a bridge.

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8. Mr LEE Wing-tat referred to a letter from some members of the Tsuen Wan Provisional District Board (TWPDB) tabled at the meeting (subsequently issued vide LC Paper No. PWSC 26/99-00 dated 18 November 1999), and sought clarification on the allegation in the letter that Highways Department had made inconsistent statements about the technical feasibility of constructing an interchange to connect TLB with TMR at Tsing Lung Tau. He also enquired whether an interchange at Tsing Lung Tau with only two slip roads, as suggested by TWPDB members, had been considered.

9. In reply, DHy advised that constructing an interchange to connect TLB with TMR at Tsing Lung Tau was feasible in engineering terms but the resultant gradient and curvature of the slip roads from the interchange would not be acceptable in safety terms. An interchange at this location with only two slip roads with substandard gradient and curvature would still require \$500 to \$700 million to build. Having taken all relevant factors into consideration, the Administration had concluded that providing an interchange at Tsing Lung Tau was not a feasible option.

10. The item was voted on and endorsed. Mr LEE Wing-tat and Mr SIN Chung-kai abstained.

**Seeking approval in principle**

**HEAD 705 - CIVIL ENGINEERING**

<b>PWSC(1999-2000)70</b>	<b>660CL</b>	<b>Site formation, construction of associated infrastructures and provision of Government, institution and community facilities for an international theme park on Lantau Island</b>
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11. The Chairman reminded members that the purpose of the present proposal was to invite the Subcommittee to recommend to Finance Committee (FC) to accept in principle the financial implications, estimated at \$13.569 billion, of the proposed works set out in the paper. The Deputy Secretary for the Treasury further explained that the Administration intended to submit this proposal with the Subcommittee's recommendation to FC in late November 1999, so that the Government could enter into binding contracts with The Walt Disney Company (WD) on the Hong Kong Disneyland (HKD) project as scheduled. The Administration would submit further funding proposals to this Subcommittee and FC for upgrading the project works in phases to Category A of the Public Works Programme. Hence, members would have further opportunities to scrutinize the details of the project when considering

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the respective funding proposals.

12. On the environmental aspect of the HKD project, Miss Emily LAU enquired whether feasibility studies had been carried out for the HKD project as for other large scale public works projects. In reply, the Director of Civil Engineering (DCE) explained that some development feasibility studies for North-East Lantau had been carried out over the past years. In particular, the feasibility of a container port development on reclaimed land at Penny's Bay had been examined with detailed assessment on its traffic and environmental impacts. Pursuant to the new plan for the HKD development on the same location, the Administration had completed an environmental review on the environmental impacts of the reclamation works, and the review results had been presented to the Advisory Council on the Environment (ACE) in September 1999. The review 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 reduction in the scale of reclamation and the elimination of the needs for a breakwater and an approach channel. Notwithstanding these review results, a detailed environmental impact assessment (EIA) study would be carried out specifically for the HKD development to address potential environmental issues that might arise during the construction and the operation stages.

13. In this connection, the Deputy Secretary for Planning, Lands and Works (Environment) also confirmed that the HKD development was a designated project under the Environmental Impact Assessment Ordinance and therefore a specific EIA for the project per se was required. He assured members that all the statutory EIA procedures would be followed and complied with and no construction works for the project would be carried out without the relevant Environmental Permit issued by the Director of Environmental Protection (DEP).

14. In the absence of a specific EIA for the HKD project, several members questioned whether it was premature for the Administration to put forward the related funding proposals to FC and its Subcommittees for consideration. Miss Emily LAU reiterated that the present arrangement had deviated from normal practice and made it difficult for the legislators to commit the necessary fundings pending the outcome of an important study which was required by statute to be carried out.

15. Miss Christine LOH said that submission of the present proposal was misleading as it might give an impression that the environmental review report on the HKD project had been adequately considered by ACE, while according to her understanding, this was not the case. Referring to comments made by DEP at the special meeting of the Economic Services Panel that Penny's Bay was not an important fishery ground, she asked DEP to confirm -

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- (a) whether the impacts of reclamation at Penny's Bay on fisheries and the loss of habitat and food supplies for marine mammals had been examined in the previous EIA study for the container port development; and
- (b) whether the environmental impacts of reclamation and the cumulative loss of natural coastline for Lantau would be examined in the specific EIA for the HKD project.

16. In reply, DEP advised that one of the recommendations in the EIA for the container port development was that the area around Penny's Bay was a spawning ground and in line with the Government's policy on environmental compensation measures, this would be taken into account in artificial reef construction. He recollected that the fishery issue had been addressed at the relevant meeting of ACE to deliberate the earlier EIA study and ACE had noted then that there would be some form of compensation for the loss of the spawning ground.

17. Miss Christine LOH further queried the basis for the Administration's remarks about fisheries and food supplies for marine mammals at the Penny's Bay area, pointing out that Penny's Bay had not been visited in Government's recent consultancy studies on fisheries resources and fisheries operation in Hong Kong. In response, DEP said that some information on this area had been collected in the earlier EIA study. He assured members that this issue, together with other points raised in Miss LOH's written submission to the Subcommittee, would be addressed in the specific EIA for the HKD project. DCE supplemented that the EIA for the HKD project would examine, inter alia, the impacts on the natural habitat, ecology and cultural heritage at Penny's Bay. Specifically, the impacts on fauna, Chinese white dolphins and fisheries would be addressed.

18. While taking note of the undertaking by the Administration with regard to the EIA for the HKD project, Miss Christine LOH said that she would not vote for the proposal on this occasion.

19. Mr WONG Yung-kan enquired about the Administration's plan for consultation with the fishery trade on the proposed reclamation at Penny's Bay and on related compensation matters. DCE advised that the Administration had published a gazette notice under the Foreshore and Sea-bed (Reclamations) Ordinance on 15 October 1999 for the reclamation at Penny's Bay and affected fishery operators might submit views on the gazetted works. The Administration would also brief representatives of the fishery trade on the monitoring work and the measures to be carried out to control possible impacts on the fisheries around Penny's Bay. He added that the EIA for the HKD project would also examine the impact on the water quality and marine life at Ma Wan. DCE also confirmed that a seawall would be constructed to protect

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the reclamation area so as to control the impact of the reclamation works on the surrounding seawaters.

20. In response to Miss CHAN Yuen-han's query on Government's finding that the Penny's Bay area was not an area of significance to dolphins, DEP said that the said conclusion of the EIA was supported by recent surveys on dolphin and monitoring work carried out from 1995 to 1998 at various seawater locations around Lantau by dolphin experts. During the period, there were only five sightings of dolphins at Penny's Bay. Miss CHAN indicated that she might further pursue the issue at an appropriate forum.

21. Mr LEE Wing-tat enquired about the feasibility of using locally produced construction waste, instead of marine fill, as the main fill material for reclamation works of the HKD development. In reply, DCE advised that the Administration planned to use about 2 million cubic metres of construction waste as fill for the reclamation for HKD Phase 1, and about 8 million cubic metres of construction waste for Phase 2. He explained that in using construction waste as fill material, the filling process and rate of soil settlement would be much slower and the settlement process more difficult to control. Therefore a greater quantity of construction waste would be used for the Phase 2 reclamation which would not be subject to a schedule as tight as the Phase 1 reclamation. He also advised that the approved marine borrow area at East Lamma Channel could provide about 15 million cubic metres of fill while a further 45 million cubic metres of fill would be required for the Phase 1 reclamation, whereas for Phase 2, about 17 million cubic metres of fill would be required. Contractors engaged for the reclamation works would be required to obtain approval from the Government for the sources of fill other than the East Lamma Channel borrow area. Mr LEE Wing-tat considered that a greater use of construction waste for the HKD project should be further considered so as to reduce the amount of construction waste disposed of at landfills and to reduce the amount of marine fill required.

22. Mr Gary CHENG Kai-nam said that Members of the Democratic Alliance for the Betterment of Hong Kong supported the proposal. He pointed out that seabed dredging at East Lamma Channel to obtain marine fill for the construction of the new airport at Chep Lap Kok had caused serious adverse impacts on the marine environment and fishery operation. He expressed grave concern that further seabed dredging at East Lamma Channel would significantly aggravate the marine environment in the area, and therefore urged the Administration to explore alternative sources of marine fill. Mr WONG Yung-kan also expressed concern about the impact of seabed dredging on the navigation activities at the channel.

23. In response, DCE said that the suggestion of obtaining marine fill at East Lamma Channel for the HKD project was made on the basis of the EIA for the container port development which concluded, inter alia, that this option

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would not cause undue environmental impacts. He assured members that this issue would be re-visited in the EIA for the HKD project having regard to members' concerns.

24. Noting that the land formation works for HKD Phase 1 was scheduled for completion by 2002 and the Disney Theme Park was scheduled to open in 2005, Mr LEE Wing-tat enquired about the measures to prevent excessive soil settlement which might seriously affect the operation of HKD and the supporting infrastructure facilities.

25. DCE advised that soil settlement was a priority concern of the HKD project because differential settlement at the reclamation site would cause maintenance and other structural problems of the facilities constructed thereon. He assured members that there would be strict control over the soil settlement process. For HKD Phase 1, seabed mud at the reclamation site would be removed and fill material, mainly marine fill, would be placed and compacted. This reclamation method would ensure that the majority of soil settlement would have taken place during the construction stage and the 12 months thereafter. For Phase 2, seabed mud would not be removed and more construction waste would be used as fill. Vertical drains would be installed in the seabed. The fill would be placed on the seabed with preloading mounds constructed on the top.

26. Mr LEE Wing-tat enquired about the unit cost for the reclamation method used for Phase 1 and how the cost compared with that for normal reclamation methods. DCE advised that the unit cost was about \$32 million per hectare of reclaimed land. He remarked that the method was not new and had been used in the Airport Core Programme projects including West Kowloon Reclamation. He agreed to provide further information on the cost comparison for different reclamation methods.

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27. Mr Edward HO enquired whether the proposed resort road, the central pedestrian walkway and the public water recreation centre would form part of the Disney Theme Park (DTP) or otherwise. In reply, the Commissioner for Tourism (CT) confirmed that the resort road and the central pedestrian walkway would be public areas outside the boundary of DTP and would be open to the public free of charge. The water recreation centre would also be a public facility outside DTP, and the Administration had agreed with WD that whilst the Government would build the water recreation centre, the Hong Kong International Theme Parks Limited (HKITP) would manage and maintain the centre at its own expense. CT added that the HKITP would be responsible for the construction of all the roads and footways inside DTP.

28. Mrs Miriam LAU asked why the water recreation centre was regarded as a supporting infrastructure facility for the HKD project and hence included in the scope of the present proposal. In reply, CT explained that the water

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recreation centre would serve a number of functions in support of the HKD development. While it would form part of the North-East Lantau development designated for recreation, leisure and tourism purposes, the lake inside the centre, in addition to serving as a facility for water sports, would collect natural rainfall from the stormwater drainage in the Penny's Bay area and provide about two-thirds of the total water required for irrigation for DTP and for the landscaped areas nearby.

29. Miss CHAN Yuen-han expressed concern on whether local small and medium sized consultancy firms and construction companies would be given a fair opportunity to compete for the consultancy and works contracts for the proposed land formation and infrastructure works. She remarked that this Council had all along been concerned that contracts for large public works projects were often awarded to multi-national corporations or overseas companies, leaving little opportunities for local small and medium sized companies to compete for those contracts. As such, she enquired whether the proposed works would be packaged into smaller works contracts in order that small and medium sized consultancy firms and contracting companies would be in a position to bid for the contracts.

30. In response, DCE confirmed that one consultancy contract would be awarded for the land formation works and another consultancy contract for the infrastructure facilities. The selection and appointment of consultants would follow the usual procedures for consultancy contracts, including inter alia the vetting and approval by the Consultancy Selection Board. As regards the construction contracts, DCE advised that the HKD Phase 1 works, which would cost about \$10 billion, would be awarded under seven or eight contracts of different scales.

31. Miss CHAN Yuen-han commented that only large companies would have the financial ability to take up such large contracts and urged the Administration to consider splitting the project works into smaller contracts. In response, DCE pointed out that some of the proposed works, such as land formation, would require very large construction plant and very specialized expertise and might not be further amortised. He nevertheless informed members that it was common for multi-national/overseas companies to form joint ventures with local companies to bid for large construction contracts in Hong Kong. Besides, local small and medium sized companies would be in a position to bid for contracts covering smaller scale works such as the construction of roads, drains, public transport interchanges and public piers etc.

32. Mr Edward HO enquired about the extent to which the employment opportunities created by the HKD project, both during the construction and the operation stages, would be available to the local workforce. CT advised that for the future park operation, virtually all the employees of HKITP would be local people. The management company to run DTP would be staffed by 40

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expatriates initially but at least 35 of them would be understudied by local recruits with a view to taking over the jobs as soon as practicable. Hence, eventually, the management company would have only five or fewer expatriate staff members.

33. As regards the job opportunities created at the construction stage, the Secretary for Works (S for W) advised that the consultancy and works contracts for the HKD project would be awarded through normal open tendering procedures. Whether a bidder was a multi-national, overseas or Hong Kong-based company was not a relevant consideration under the established selection criteria. He advised that it was not Government policy to include conditions in public works contracts to require the employment of local people. However, importation of professionals and labour were subject to the established immigration regulation. He added that based on current labour demand assessment, the Administration did not envisage the need to import labour to carry out the works for the HKD project.

34. Mr Edward HO expressed concern that without a specific policy to accord priority to local construction professionals, the HKD project might replicate the bitter experience of the new airport in that many important professional positions for the construction of the project were filled by recruits from overseas, leaving little opportunity for Hong Kong to build up its own pool of local experts for large-scale infrastructural projects. The Chairman requested the Administration to take note of Mr HO's concern and suggested that the issue be further pursued at the relevant Panel(s) if members so wish.

35. Mr CHAN Kam-lam questioned whether it might be more cost-effective for Road P2 to connect with Yam O Railway Station by a tunnel or a flyover alongside the Yam O Interchange of North Lantau Expressway, as this arrangement would reduce the need for reclaimed land at the north of the Yam O Railway Station when compared to the present design. In this connection, he also enquired about the need for providing a public transport interchange (PTI) at the north of the Yam O Railway Station.

36. CT explained that it was estimated that about half of the visitors would go to DTP by rail, between 5% to 10% by sea and the remaining by road. Road P2 was required to provide direct road access to the theme park and the supporting facilities. DCE further explained that in the case of a shut down of the rail link between the theme park and the Yam O Rail Station, Road P2 would serve as the only link road for shuttle bus service between the theme park and the Yam O Railway Station/the PTI at Yam O. Hence, it was necessary to extend Road P2 to link with the PTI at Yam O. Besides, if a pier was constructed at Yam O in future to facilitate tourists arriving from the Mainland by sea, the PTI at Yam O and Road P2 would also serve these tourists.

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37. Mr CHAN Kam-lam maintained his view that the present design of Road P2 should be reviewed as it would require considerable reclaimed land and thus incur higher costs. He also queried the need for a pier at Yam O given that two public piers would be provided at the southern side of the HKD development. CT explained that for a pier to facilitate direct access for tourists by sea, immigration and custom control facilities would need to be provided at the pier and the seawater at the pier must be of sufficient depth. Preliminary assessment indicated that a site at northern Lantau, either at the new airport or at Yam O could be suitable for such a pier. He however remarked that the need for such a pier would only be examined at a later stage of the HKD project.

38. In reply to Mrs Miriam LAU's question on why a PTI was not planned for the southern side of the HKD development despite the provision of two public piers at this location, CT advised that as a vast majority of visitors would use the railway or the road transport facilities at the northern side of Lantau to reach the development, it would be more appropriate to locate one PTI at the northern side of DTP and the other at the Yam O Railway Station to facilitate transport interchange. As relatively few visitors would come from the southern side by sea and the public piers would be within walking distance to DTP, providing a PTI at the southern side was considered not necessary. He added that the design of the two public piers would be similar to the existing Queen's Pier in Central.

39. In this connection, CT informed members that given a low estimated demand, both the Government and WD considered it not necessary to provide licensed ferry services for the HKD development during the initial operating period. However, ferry service providers would be at liberty to apply at their own initiative to the Commissioner for Transport to operate ferry services if they considered the service viable.

40. Mrs Miriam LAU opined that if the public piers were heavily utilized in future, a PTI near the public piers should be considered as some visitors coming by sea might be destined for areas other than DTP. Miss Emily LAU commented that ferry services should be accommodated in the design for the public piers as the provision of ferry services might be warranted by future demand. The Chairman suggested that members might further pursue the transport-related issues of the HKD project at the Transport Panel if they so wished.

41. Mr James TIEN questioned why only \$67 million was provided for "site investigation, consultants' fees for design and construction, site staff costs" for the land formation for HKD Phase 1 while \$449 million was provided for the same cost item for the construction of associated infrastructure and Government, institution and community (GIC) facilities. In reply, DCE advised that the former provision was relatively low mainly because some site

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investigation and design work completed earlier on under the container port development plan could also be used for the land formation work for the HKD project. He also explained that the higher provision of \$449 million for the same cost item for the infrastructure and GIC facilities was mainly attributed to a longer construction timetable, the variety of structures involved which would require greater design and engineering input and the need to carry out specific site investigation for the facilities.

42. Noting that some works had been carried out earlier on under the initial plan for a container port development, Miss Emily LAU considered that the cost incurred for the work completed should also be taken into account when calculating the costs for land formation for the HKD project. In response, CT said that the \$4 billion land premium charged to HKITP by way of subordinated equity already reflected the more expensive method chosen for the land formation works for the HKD Phase 1. The land premium was devised on the basis of the land formation cost which was higher than the estimated economic value of the land.

43. Mr James TIEN said that for the reclamation for the new airport at Chek Lap Kok, a majority of qualified dredgers worldwide, mostly from the Netherland, had been brought over to Hong Kong for the project. He asked whether the Administration had ascertained the availability of adequate dredging facilities for the HKD development. In reply, DCE advised that the airport at Chek Lap Kok and the West Kowloon Reclamation entailed a reclamation area of 1400 hectares and 320 hectares respectively and the two reclamation projects had been carried out concurrently and completed within a short period of time. In comparison, the reclamation for the entire HKD project entailed only 290 hectares over a work period of 11 years. He further confirmed that invitation for proposals for the pre-qualification exercise for the HKD Phase 1 reclamation would be advertised on 19 November 1999. Hence, there would be sufficient time for interested construction companies worldwide to consider bidding for the reclamation works.

44. Dr LEONG Che-hung appreciated the need for this Council's approval in principle for funding before the Administration could enter into binding contracts with WD. On this basis, he supported the present proposal. He also enquired about the provision of facilities for the physically disabled at DTP and the ancillary public facilities. CT confirmed in reply that access and other basic facilities for the physically disabled would be provided in DTP and the ancillary public facilities. This commitment had been made by WD at its own initiative.

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45. On behalf of Members of the Democratic Party (DP), Mr SIN Chung-kai submitted the following views on the HKD project -

- (a) The project would boost the confidence of the community. The project would have some positive impacts on the economy, especially for the hospitality services sector and would help improve the unemployment situation.
- (b) In environmental terms, the impacts of the project would be less significant than those arising from a container port development at the same location. Members of DP however regretted to note that the normal EIA procedures had not been properly completed before the relevant funding proposals were put to FC and its Subcommittees for decision.
- (c) The financial arrangements for the project were not satisfactory, especially when considering that the Government had to provide a huge loan to HKITP at a low interest rate. Members of DP had strong reservation on the Government taking a leading and direct participatory role in the project and urged the Government to honour its promises that even if DTP had very low patronage or other financial adversities, the Government would not inject further equity into the project and that the Government would eventually sell off all its shares in HKITP to private investors.

He further said that on balance, Members of DP supported the project and would vote in support of the present proposal. However, Members of DP would pursue various outstanding issues relating to the project, in particular, the environmental issues, at appropriate forums.

46. Referring to a paper on "Agreement between the Government and The Walt Disney Company - Termination and Compensation Provisions" (CB(1)384/99-00(01), the Chinese version of which was tabled at the meeting) provided to Members after the Economic Services Panel meeting on 15 November 1999, Miss Emily LAU enquired about the reason(s) for adopting the approach of dovetailing the Government's and HKITP's project works together and the implications of this approach on the Government's contractual liabilities. In reply, CT advised that there were two alternative approaches to implementing the HKD project. The other approach was to complete the Government's works on the site and then move away to allow HKITP to commence its work unobstructed. It was however recognized that it was unnecessary to wait for the completion of the Government's works before HKITP could begin to construct DTP. To allow earlier opening of DTP, the Administration considered it more appropriate to dovetail the two parties' works together as far as reasonably practical. Under this approach, the Government would hand over the site in phases and HKITP would commence

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construction of the theme park by phases as it was handed-over. CT further explained that the various utility services would be brought into the handed-over site in parallel with the park construction works. Although this approach would entail a more complicated contractual relationship, the Administration considered that the safeguards built in the Master Project Agreement (MPA) as described in the paper could adequately protect the Government's position.

47. S for W supplemented that problems of project works co-ordination would not arise during the land formation works. Even when the Government started to hand over reclaimed sites to HKITP for the theme park construction, there would be little overlapping of work sites of the two parties' works. The Civil Engineering Department would oversee the overall co-ordination of the two parties' works with a view to resolving any problems that might arise at the earliest opportunity.

48. Miss Emily LAU expressed grave concern about the liability provisions in the contracts the Government was going to enter into with WD. She said that the Administration had not provided any information on the liability provisions contained in the five binding agreements for Members' reference, except for some termination and compensation provisions relating to project works set out in the aforesaid paper CB(1)384/99-00(01). She in particular pointed out Members had not been provided with any information on the contract relating to the construction of the theme park by HKITP, which would cost about \$14.1 billion. She therefore considered it unfair to require Members to make a decision on the proposed financial commitment of \$13.569 billion under the present proposal based on the meagre information on the entire HKD project available to them.

49. In response, CT said that the provisions were worded in a way that the Government's liability would be minimized. He explained that it would be in the hands of the Engineer appointed by the Government to authorize extensions of time under Government's contracts. For a vast majority of reasons for which the Engineer authorized an extension of time, there would be an equal and corresponding extension in the Milestone Dates provided under the MPA. Only for a very small number of reasons which were within the Government's control, would there be no corresponding extension of time. To cover these situations, the MPA provided a three-month cushion before liquidated damages became payable by the Government to HKITP. Moreover, the Government's claim for liquidated damages from its contractors under Government's works contracts would be in all cases higher than any corresponding liability the Government had towards HKITP. On the reverse, while the HKITP had Milestone Dates to be met, there were no corresponding liquidated damage provisions because the Government would not suffer direct losses from late completion of the theme park. However, since HKITP would, it would therefore have every incentive to complete the park and open it on schedule. S for W said that he was satisfied with the provisions in the MPA dealing with

Action

the extensions of time to Government's contracts and considered that these provisions provided adequate protection for the Government.

Admin

50. Miss Emily LAU requested and CT agreed to provide information on those scenarios under which an extension granted by the Engineer under the Government's contracts with its contractors would not lead to an equal and corresponding extension of the Milestone Dates under the MPA.

51. As regards details on the binding agreements with WD, CT said that because of the need to abide by the confidentiality undertaking with WD, the Government could not provide members with copies of the contract documents. However, the Administration had endeavoured and would endeavour to provide subject information papers dealing with specific issues in response to members' concerns and queries, so long as the provision of such information would not breach the commercial confidentiality undertaking.

Admin

52. At Miss Emily LAU's request, CT agreed to provide information on the agreements with WD regarding shareholding and the governance of HKITP. He undertook to further discuss with Miss LAU after the meeting to obtain a better understanding of her concerns.

53. The item was put to vote. 12 members voted for the item and 3 members voted against. None abstained.

*For:*

Mr James TIEN Pei-chun  
Mr LEE Wing-tat  
Mr CHEUNG Man-kwong  
Mr CHAN Kam-lam  
Mr SIN Chung-kai  
Mrs Miriam LAU Kin-ye  
(12 members)

Mr Edward HO Sing-tin  
Mr Fred LI Wah-ming  
Miss CHAN Yuen-han  
Dr LEONG Che-hung  
Mr WONG Yung-kan  
Dr TANG Siu-tong

*Against:*

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

54. The item was endorsed by the Subcommittee.

55. Miss Emily LAU requested that this item be voted on separately from other PWSC items at the relevant FC meeting.

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56. The Subcommittee was adjourned at 1:00 pm.

Legislative Council Secretariat

9 December 1999