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Finance Committee of the Legislative Council

**Minutes of the 18th meeting
held at the Legislative Council Chamber
on Friday, 21 May 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, JP
Hon Cyd HO Sau-lan
Hon Edward HO Sing-tin, JP
Hon Michael HO Mun-ka
Dr Hon Raymond HO Chung-tai, JP
Hon LEE Wing-tat
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon LEE Kai-ming, JP
Hon Fred LI Wah-ming
Dr Hon LUI Ming-wah, JP
Hon NG Leung-sing
Prof Hon NG Ching-fai
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon James TO Kun-sun
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
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
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-yee, 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 Timothy FOK Tsun-ting, JP
Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, JP
Hon FUNG Chi-kin
Dr Hon TANG Siu-tong, JP

Members absent:

Hon Ronald ARCULLI, JP (Chairman)
Hon Albert HO Chun-yan
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, JP
Hon Margaret NG
Hon MA Fung-kwok

Public officers attending:

Miss Denise YUE, JP	Secretary for the Treasury
Mrs Carrie LAM, JP	Deputy Secretary for the Treasury
Mr K K LAM	Principal Executive Officer (General), Finance Bureau
Mr K C KWONG, GBS, JP	Secretary for Information Technology and Broadcasting

Ms Eva CHENG, JP	Deputy Secretary for Information Technology and Broadcasting
Mr Y C LO, JP	Deputy Director of Territory Development
Mr Albert CHENG	Chief Assistant Secretary (Programme Management) of Works Bureau
Mr C W KWAN	Chief Engineer (Hong Kong) of Transport Department
Mr H Y CHEUNG	Principal Economist of Financial Services Bureau
Mr H W FUNG, JP	Deputy Commissioner for Census and Statistics
Mr Alvin LI	Assistant Commissioner for Census and Statistics
Mrs CHEUNG WONG Wai-mui	Senior Systems Manager of Census and Statistics Department
Mr Arthur NG, JP	Deputy Secretary for Home Affairs
Mrs Erika HUI	Assistant Commissioner for Tourism
Mr John CORCORAN	Chief Executive, Ocean Park Corporation

Clerk in attendance:

Miss Polly YEUNG	Assistant Secretary General 1 (Acting)
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Staff in attendance:

Ms LEUNG Siu-kum	Chief Assistant Secretary (1)2
Miss Becky YU	Senior Assistant Secretary (1)3

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PWSC(1999-2000)13	653CL	Engineering infrastructure for Cyberport development at Telegraph Bay
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5. Mr Edward HO declared interest as his company had submitted an architectural proposal on the Cyberport project. He said that he would not participate in the discussion and voting of this item.

6. Mr LEE Wing-tat stated that Members of the Democratic Party (DP) had raised objection to the item at the PWSC meeting and he requested to put on record the underlying reasons for their stance. He said that Members of DP supported in principle the Cyberport project but considered it inappropriate to grant the development right for the project without going through the usual competitive tendering process. He pointed out that the decision-making process had departed from the principles of fair, just and open competition and expressed grave concern that the Cyberport project had set an undesirable precedent as the Secretary for Information Technology and Broadcasting (SITB) had also acknowledged at the PWSC meeting that the arrangement for the project was not common. He requested the Administration to explain as soon as possible the principles underpinning its decision and how they were compatible with the operation of free market economy which had served Hong Kong well all along.

7. Miss Emily LAU stated that Members of the Frontier objected to the item. She was dissatisfied with the Government's using exigency and urgency as an excuse to justify a series of its recent actions such as intervention into the stock market, the decision to award the development right for the Cyberport to Pacific Century Group (PCG) and requesting the National People's Congress to explain the Basic Law. She was of the view that any Government decision and action should be firmly based on established principles and guidelines and expressed regret that in the case of the Cyberport, the Administration had made the decision before drawing up the relevant policy guidelines. She remarked that according to some property developers, they were also capable of implementing the project but their offers had been rejected by the Administration for being too late. She further questioned whether the Government had erred in its calculation of the land price which might result in multi-billion losses of public money, as some developers had commented. She considered that if this proved to be the case in due course, all officials involved in the project should be held responsible and should resign.

Admin

8. In response, SITB assured members that the Administration would consider drawing up guidelines for assessing projects of a similar nature in the future and would make known these guidelines as soon as possible after they had been worked out. As regards comments of the developers referred to by Miss Emily LAU, SITB confirmed that so far, he had not received any proposal from any property developer to undertake the Cyberport project. As the value of the land would be that prevailing at the time of the grant of development right to PCG, any forecast at this stage on land price was at best an estimate. SITB advised that even if the land price rose to \$9 to \$10 billion as some developers had suggested, the return to the Government could be safeguarded by virtue of the profit sharing agreement with PCG. SITB supplemented that unlike the Government which had already provided data to the relevant committee, the developers had not substantiated their forecast with

relevant data. He also disagreed with Miss LAU's remark about the Administration's erring in its estimation of land premium.

Admin

9. In response to Dr YEUNG Sum's request for quarterly reporting to the relevant Panel on the progress of the project, SITB undertook to make regular reports to the Panel on Information Technology & Broadcasting on the progress of the Cyberport project.

10. Referring to other proposals like the herbal port and the biochemistry port, Dr YEUNG Sum enquired whether any interested parties had approached the Government and if so, whether the Government would improve on its decision-making process in the light of the experience of the Cyberport. In reply, SITB said that he was not in a position to comment on programme areas which were outside his purview. In this connection, the Chairman advised that members could pursue these issues at the relevant Panels if they so wished.

11. Mr NG Leung-sing clarified that he was a non-executive director of SmarTone, and did not have an interest in the project as some newspapers had reported. He expressed support for the proposal because it would benefit the future development of Hong Kong. He agreed that the Government should gain experience from the Cyberport project and develop the necessary guidelines so that any policy decision on similar projects in the future could be clearly accounted for.

12. Mr James TO remarked that good policy intention would not necessarily bring about good policy outcome. He considered that the decision making process for the Cyberport project was not a commendable act at all for the Chief Executive and his Administration.

13. The item was put to vote: 30 members voted for the proposal, 14 voted against and none abstained:

For:

Mr Kenneth TING Woo-shou

Mr HO Sai-chu

Mr LEE Kai-ming

Mr NG Leung-sing

Mr HUI Cheung-ching

Miss CHAN Yuen-han

Dr LEONG Che-hung

Mr Gary CHENG Kai-nam

Mr Andrew WONG Wang-fat

Mr WONG Yung-kan

Mr Howard YOUNG

Mr LAU Kong-wah

Mr James TIEN Pei-chun

Dr Raymond HO Chung-tai

Dr LUI Ming-wah

Mrs Selina CHOW LIANG Shuk-yee

Mr CHAN Kwok-keung

Mr CHAN Wing-chan

Mrs Sophie LEUNG LAU Yau-fun

Mr SIN Chung-kai

Dr Philip WONG Yu-hong

Mr Jasper TSANG Yok-sing

Mr YEUNG Yiu-chung

Mr LAU Wong-fat

Action

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Mrs Miriam LAU Kin-yee
Mr Timothy FOK Tsun-ting
Mr FUNG Chi-kin
(30 members)

Mr Ambrose LAU Hon-chuen
Mr TAM Yiu-chung
Dr TANG Siu-tong

Against:

Miss Cyd HO Sau-lan
Mr LEE Wing-tat
Mr Martin LEE Chu-ming
Mr James TO Kun-sun
Mr LEUNG Yiu-chung
Miss Emily LAU Wai-hing
Mr SZETO Wah
(14 members)

Mr Michael HO Mun-ka
Mr LEE Cheuk-yan
Mr Fred LI Wah-ming
Mr CHEUNG Man-kwong
Dr YEUNG Sum
Mr Andrew CHENG Kar-foo
Mr LAW Chi-kwong

14. The Committee approved the item.

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