

立法會
Legislative Council

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seen by the Administration)

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Finance Committee of the Legislative Council

Minutes of the 31st meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 24 May 2013, at 5:15 pm

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Albert CHAN Wai-yip
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK

Hon CHAN Chi-chuen
Hon CHAN Han-pan
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, JP
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, JP
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen

Members absent:

Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon LEUNG Yiu-chung
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, BBS
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Gary FAN Kwok-wai
Dr Hon Kenneth CHAN Ka-lok
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki

Hon KWOK Wai-keung
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Hon IP Kin-yuen
Ir Dr Hon LO Wai-kiwok, BBS, MH, JP

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Patrick CHAN Chi-king, JP	Deputy Secretary for Transport and Housing (Transport) 3
Ms Cordelia LAM Wai-ki	Principal Assistant Secretary for Transport and Housing (Transport) 2
Mr Albert SU Yau-on	Assistant Commissioner for Transport (Management and Paratransit)
Mr Michael NG Shi-hung	Principal Transport Officer (Management), Transport Department
Mr CHENG Shing-chuen	Chief Engineer (Project), Electrical and Mechanical Services Department
Miss Emma LAU, JP	Judiciary Administrator
Mr Arthur NG Sek-hon, JP	Deputy Judiciary Administrator (Operations)
Ms Catherine LEE Fung-han	Chief Systems Manager (Project Management Office), Judiciary
Miss Susie HO, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Joe WONG, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Mr Ivanhoe CHANG	Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology) B
Mr Jerry LIU	Head of Create Hong Kong
Miss CHENG Wai-fung	Assistant Head of Create Hong Kong (1)
Mr John LEE Ka-chiu, PDSM, PMSM, JP	Under Secretary for Security

Miss Bella MUI Bun-ngar	Principal Assistant Secretary for Security (B)
Mr NG Wai-keung	Acting Assistant Director of Fire Services (Headquarters)
Mr LO Chun-man	Senior Divisional Officer (Planning Group), Fire Services Department
Mrs Millie NG KIANG Mei-nei	Principal Assistant Secretary for Security (E)
Mr LAU Yip-shing	Regional Commander (Marine), Hong Kong Police Force
Mr Terence FUNG Wai-kin	Senior Superintendent (Operations) (Marine Regional Headquarters), Hong Kong Police Force
Mr LAM Wing-chak	Acting Chief Telecommunications Engineer (Communications Branch), Hong Kong Police Force
Mrs Alice CHEUNG CHIU Hoi-yue	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 3
Mr Brian LO Sai-hung, JP	Deputy Director-General of Trade and Industry (Commercial Relations, Controls and Support)
Ms Linda SO Pik-shan	Assistant Director-General of Trade and Industry (Industries Support)
Mr Philip YUNG, JP	Commissioner for Tourism
Miss Rosanna LAW, JP	Deputy Commissioner for Tourism
Mr Jeffrey CHIM	Senior Administrative Officer (Tourism) Tourism Commission
Dr Allan ZEMAN, GBM, GBS, JP	Chairman, Board of Ocean Park Corporation
Mr Tom MEHRMANN	Chief Executive, Ocean Park Corporation
Mr Matthias LI	Deputy Chief Executive, Ocean Park Corporation

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Ken WOO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)7

Item No. 2 – FCR(2013-14)5

CAPITAL WORKS RESERVE FUND

HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Transport Department

New Subhead "Installation of 'Stop-and-go' e-payment Facilities at Manual Toll Booths of Government Tolled Tunnels and Roads"

The meeting continued the deliberation on item FCR(2013-14)5 relating to the funding proposal on installation of new "stop-and-go" e-payment facilities at all manual toll booths of government tolled tunnels and roads.

2. The Chairman instructed that the speaking time for the third round of questions on the item should be not more than three minutes, including the Administration's reply.

3. Mr WU Chi-wai requested the Administration to provide a more detailed breakdown of the expenditure to be incurred for the proposal besides the purchase and installation of equipment. The Administration agreed. In response to Mr WU's enquiry, Deputy Secretary for Transport and Housing (Transport) 3 (DS(T)3) responded that separate tender exercises for the provision of the transaction platform and the procurement of the e-payment facilities would be conducted.

[Post-meeting note: The information was issued to members on 3 September 2013 vide LC Paper No. FCR181/12-13.]

4. Noting the Administration's proposal to meet the recurrent expenditure of the proposal by public money, Dr Elizabeth QUAT suggested that the "user pays" principle should be adopted. DS(T)3 replied that the Government would pay for the recurrent expenditure when the proposal was implemented.

5. There being no further questions on the item, the Chairman put the item to vote. The Committee approved the item.

**Item No. 3 – FCR(2013-14)6
CAPITAL WORKS RESERVE FUND
HEAD 710 – COMPUTERISATION**

Judiciary

New Subhead "Implementation of Projects under the Information Technology Strategy Plan of the Judiciary"

6. The Chairman advised that the item sought the Committee's approval of the creation of a new commitment of \$682,430,000 for the implementation of projects under the Information Technology Strategy Plan of the Judiciary. The item was discussed at the meeting of the Panel on Administration of Justice and Legal Services held on 26 February 2013.

7. The Chairman put the item to vote. The Committee approved the item.

**Item No. 4 – FCR(2013-14)4
HEAD 55 – GOVERNMENT SECRETARIAT:
COMMERCE AND ECONOMIC DEVELOPMENT BUREAU
(COMMUNICATIONS AND TECHNOLOGY BRANCH)
Subhead 700 General non-recurrent
Item 866 CreateSmart Initiative**

8. The Chairman advised that the item sought the Committee's approval of an increase in the commitment from \$300 million to \$600 million for the CreateSmart Initiative.

9. Dr Elizabeth QUAT, Deputy Chairman of the Panel on Information Technology and Broadcasting, reported that the Panel discussed the proposal at its meeting held on 11 March 2013. Panel members supported the proposal in principle. Some members urged the Administration to provide support to the local creative industries and to accord priority to applicants whose production activities were based in Hong Kong. At the request of the Panel, the Administration advised that the application form and the project completion report template of the Design-Business Collaboration Scheme would be amended with a view to collecting information on where the production activities were based for new applications and newly approved projects.

10. The Chairman put the item to vote. The Committee approved the item.

Item No. 5 – FCR(2013-14)7
HEAD 45 – FIRE SERVICES DEPARTMENT
Subhead 603 Plant, vehicle and equipment

11. The Chairman advised that the item sought the Committee's approval of a new commitment of \$53,334,000 for replacement of three existing and procurement of one additional Turntable Ladders (TLs).

12. Mr IP Kwok-him, Chairman of the Panel on Security, reported that the Panel discussed the proposal at its meeting held on 5 April 2013. Panel members supported the proposal in principle. Members noted that the proposed TLs could only reach a height of 55 metres while the most advanced TLs available in the market could reach a maximum height of 60 metres. The Administration explained that the proposed TLs would be more appropriate for the environment of Hong Kong, in particular in accessing some of the narrow streets.

13. Mr Tony TSE expressed support for the proposal. Noting that there were 24 TLs currently in use, he opined that the Administration should make available a plan on the replacement/procurement exercise taking into account the long lead time required for completing the procurement and the commissioning of the vehicles.

14. Under Secretary for Security (US for S) advised that the normal serviceable life of existing TLs as well as the need to ensure uninterrupted day-to-day operations were important considerations in carrying out replacement/procurement of new TLs. The Fire Services Department (FSD) conducted annual assessments on the conditions of existing TL fleet to evaluate its remaining serviceable life, and considered it an appropriate time to commence the process for procuring the new TLs in the proposal.

15. Quoting the cases in recent years involving the procurement of unsuitable equipment, Mr WU Chi-wai enquired the mechanism in place to ensure that the equipment procured would fully meet the required standard and operational needs.

16. US for S responded that FSD had set up a dedicated Procurement Group and made use of a stringent marking scheme to assess the products in the procurement process. Upon award of the relevant contract, the contractor would first be required to deliver a sample vehicle for testing and acceptance, training and trial use. Only when the sample vehicle was found satisfactory in the trial use that the contractor would be requested to deliver the remaining vehicles ordered. All the vehicles ordered would go through the same process and only when they were all found satisfactory would payment be made to the contractor. As regards the payment mechanism, payment of about 30% would

be made by the Administration upon delivery of the vehicle chassis and receipt of the advance payment bond made by the contractor. Full payment would be made only after all testing was completed to the entire satisfaction of FSD.

17. Mr WU Chi-wai remained unconvinced. He asked why incidents concerning the procurement of unsuitable equipment had continued to happen even with the introduction of the above mechanism.

18. US for S explained that the Procurement Group was set up in 2011 based on the recommendations of a consultancy study following a number of incidents concerning the procurement of fire services equipment and work of FSD. FSD had accepted the recommendations of the study and introduced improvement measures accordingly. In response to Mr WU Chi-wai's further question on whether the procurement mechanism was equally applicable to the procurement exercise of other bureaux/departments, US for S advised that the similar procurement principle would be adopted where necessary, with modifications for individual bureaux/departments to cater for specific and practical needs.

19. The Chairman put the item to vote. The Committee approved the item.

Item No. 6 – FCR(2013-14)8
HEAD 122 – HONG KONG POLICE FORCE
Subhead 603 Plant, vehicles and equipment

20. The Chairman advised that the item sought the Committee's approval of a new commitment of \$114,000,000 for the replacement of five high-speed interceptor craft (HSIs) for the Marine Region of the Hong Kong Police Force (HKPF).

21. Mr IP Kwok-him, Chairman of the Panel on Security, reported that the Panel discussed the proposal at its meeting held on 1 March 2013. Panel members supported the proposal in principle. In response to members' concern about the technological standard and safety facilities of the proposed HSIs, the Administration advised that the Marine Police had taken steps to ensure safety in the design of HSIs as well as in the operational procedures. Also, the technological standard of the proposed HSIs were comparable to those of the latest HSIs deployed by other law enforcement agencies.

22. Mr Albert CHAN expressed support for the proposal which he believed would help reduce crimes of sea smuggling, illegal fishing and robbery. Pointing out a case in which the Marine Police was unable to arrive at the scene even after 45 minutes from his verbal report about the illegal fishing activity at

Peng Chau, Mr CHAN asked how would the proposal enhance maritime law enforcement capability and the security of Hong Kong waters.

23. US for S advised that HSIs were the fastest type of vessel in the existing fleet and were deployed mainly to intercept the unlawful use of speedboats engaged in illegal cross-boundary activities involving the movement of goods and people. Enforcement actions against other types of maritime security incidents would be tackled by vessels of other types.

24. Mr Albert CHAN was unassured. Considering that HSIs were much faster than some existing vessels, he opined that HSIs should be deployed to complement these vessels in taking enforcement actions against illegal activities. He stressed that HKPF should put in place effective measures to suppress rampant illegal activities along the coasts of Tai A Chau, Siu A Chau, Peng Chau, Sai Kung and South Lantau.

25. Regional Commander (Marine), HKPF (RC(M)) explained that different vessels were currently deployed for patrolling and taking enforcement actions according to the needs. The existing vessel fleet was capable of intercepting sampans engaging in activities such as human trafficking and illegal fishing. Marine Police would continue to take enforcement actions both on its own and in conjunction with other related departments as necessary in suppressing illegal activities at sea. Mr Albert CHAN urged the Administration to take prompt and effective actions to suppress illegal fishing activities which he observed were rampant in Sai Kung and South Lantau.

26. Mr WU Chi-wai asked whether consideration could be given to deploying the five HSIs to be decommissioned for other enforcement actions as their speed would still be higher than many other vessels in the fleet.

27. US for S advised that the old HSIs would all be decommissioned when all the new HSIs were commissioned in view of the high maintenance and repair cost of the old HSIs. It was also a policy to maintain the fleet at a certain number of vessels required, and those old ones would be handed to the Marine Department for disposal.

28. Mr WU Chi-wai was unconvinced, pointing out that the speed of the five HSIs proposed to be decommissioned would still be higher and hence more efficient than the eight fast pursuit craft in taking enforcement actions.

29. US for S explained that different vessel types were designed and deployed to meet different operational needs. The mode of operation of different types of vessels, and hence the training required, were also different. The cost of training would increase if operators of fast pursuit craft were required to undergo training in operating HSIs.

30. Mr IP Kwok-him said that he supported the proposal. Noting the Administration's target to complete the preparation of tender documents for the proposal in December 2013, he asked whether the schedule could be advanced. RC(M) replied that the procurement exercise would commence as soon as the funding for the proposal was secured.

31. The Chairman put the item to vote. The Committee approved the item.

Item No. 7 – FCR(2013-14)10

CAPITAL WORKS RESERVE FUND

HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Hong Kong Police Force

New Subhead "Replacement of Digital Radar Security System for the Marine Region"

32. The Chairman advised that the item sought the Committee's approval of a new commitment of \$39,785,000 for the replacement of the Digital Radar Security System (DRSS) of the Marine Region of the HKPF.

33. Mr IP Kwok-him, Chairman of the Panel on Security, reported that the Panel discussed the proposal at its meeting held on 1 March 2013. Panel members supported the proposal in principle. Noting that the proposed DRSS would be commissioned in 2016, members were concerned how the reliability of the existing system would be maintained in the interim before 2016. The Administration advised that although many components of the existing DRSS were showing signs of ageing, the existing DRSS could still meet operational needs and the supplier had indicated the availability of spare parts. The tender documents would also set out requirements on maintenance and the replacement of parts before the end of their serviceable life.

34. Mr Albert CHAN asked how the proposal could enhance the tracking capability on the large amount of small crafts in Hong Kong waters, some of which may engage in illegal fishing and other cross-boundary illegal activities. Pointing out that there were cases of injuries caused by the smashing of rafts in Ma Wan by big waves generated from huge cargo vessels entering the waters near Ma Wan from Tuen Mun, he asked whether the proposal could enhance the relevant signal tracking and avoid the same incidents from happening again.

35. US for S advised that the processing power of the proposed new system would be greatly enhanced to strengthen current service provision. The system supported viewing signals from all radar sites, including small vessels, at a single terminal, so that police vessels could be deployed more efficiently for

cases which warranted attention. RC(M) added that the Marine Region of HKPF had joined hands with the Marine Department in taking enforcement actions, such as action against speeding, to ensure marine safety. Mr Albert CHAN said he hoped that the proposal would help improve marine safety along the waters of Tuen Mun.

36. Noting the long lead time required for the commissioning of the new DRSS in 2016, Mr WU Chi-wai was keen to ensure that the system would be up-to-date when it was put into service. He also enquired whether it was possible for the software of the existing system to integrate with the new hardware once the latter was in place.

37. On the technology adopted by the new system, US for S advised that the Communications Branch of HKPF would continue to study the latest technology available in the market with a view to ensuring that the new DRSS, when commissioned, was equipped with the most appropriate technology. In order to speed up the delivery of the new DRSS, the programme of the proposal had been compressed and the relevant system design had already been in progress. Integrating the existing software with new hardware may give rise to incompatibility concerns. RC(M) added that in identifying the most appropriate technology for inclusion into the relevant tender document, the Administration would make reference to systems used in cities with environments comparable to that of Hong Kong.

38. The Chairman put the item to vote. The Committee approved the item.

Item No. 8 – FCR(2013-14)9

HEAD 181 – TRADE AND INDUSTRY DEPARTMENT

Subhead 700 – General non-recurrent

Item 524 SME Export Marketing and Development Funds

39. The Chairman advised that the item sought the Committee's approval to increase the cumulative grant ceiling for each small and medium enterprise (SME) under the SME Export Marketing Fund (EMF) from \$150,000 to \$200,000.

40. Mr Vincent FANG, Chairman of the Panel on Commerce and Industry, reported that the Panel discussed the proposal at its meeting held on 16 April 2013. Panel members supported the proposal in principle, and urged the Administration to assist SMEs in exploring new business opportunities in emerging markets, such as the Association of Southeast Asian Nations, South America and Africa, by organizing trade missions to these countries.

41. While expressing support for the proposal, Mr CHUNG Kwok-pan considered that the proposed increase in the cumulative grant ceiling of only \$50,000 was insufficient, as it took a long time and committed investments to explore business opportunities in the export markets. He urged the Trade and Industry Department (TID) to further relax the approval criteria for the EMF applications, and requested that the cumulative grant ceiling be further raised for next year's Budget.

42. Deputy Director-General of Trade and Industry (Commercial Relations, Controls and Support) (DDGTI) advised that TID had constantly reviewed the operation and effectiveness of EMF and had raised both the cumulative grant ceiling for each SME and the maximum grant ceiling for each application for several times in the past years. EMF aimed at encouraging SMEs to participate in export promotion activities and it should not be regarded as a source of recurrent funding for SMEs' operations. The current increase in the cumulative grant ceiling of \$50,000 was proposed having regard to the need to balance the assistance rendered to SMEs and prudent use of public money.

43. Mr CHUNG Kwok-pan was unconvinced. He pointed out that many overseas cities which lagged behind Hong Kong in subsidizing their SMEs' operations in the past had now provided full subsidies for their SMEs to participate in export promotion activities. He said that he did not see a reason for the Government to only introduce piecemeal changes to EMF.

44. Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 3 (DS(CI)3) explained that the current proposal was a positive response to the request of the trade for enhancing EMF. She pointed out that, as at the end of April 2013, about 4 800 SMEs had exhausted their current cumulative grant ceiling of \$150,000, accounting for only 12.8% of the total number of benefitted enterprises. It was believed that more SMEs would also benefit from the additional grants after they have exhausted their current cumulative grant ceiling.

45. Mr Vincent FANG urged the Administration to pay heed to the request of the Panel on Commerce and Industry for streamlining the application handling process to facilitate SMEs' operations. DDGTI replied that SMEs' participation in the export promotion activities were not adversely affected by the applications handling process, which was within 30 working days at present, as SMEs would apply for reimbursement of the relevant expenses incurred after they had participated in the relevant export promotion activities.

46. Mr Vincent FANG and the Chairman were unassured. The Chairman sought justifications from the Administration for the period of up to six weeks required to handle an application involving an amount of only \$200 000 or less.

47. DDGTI explained that TID had already handled about 160 000 applications since the inception of EMF. The processing time for some applications was longer as the applicants had to provide further supplementary information. TID would review the relevant procedures with a view to shortening the time required for handling the applications as far as practicable. At the request of the Chairman, the Administration agreed to provide supplementary information on the application handling procedures as well as the manpower required for handling the applications to the Panel on Commerce and Industry.

48. Mr Vincent FANG suggested that the Administration should provide a checklist on the supporting documents required for applications approval for SMEs' reference, so as to avoid delay in approving the applications. DDGTI advised that the relevant guidelines had already been uploaded onto TID's website.

49. The Chairman put the item to vote. The Committee approved the item.

Item No. 9 – FCR(2013-14)11

LOAN FUND

HEAD 274 – TOURISM

New Subhead "Loan for the Ocean Park's Tai Shue Wan Development Project"

50. The Chairman advised that the item sought the Committee's approval for the creation of a new subhead "Loan for the Ocean Park's Tai Shue Wan Development Project" under Head 274 Tourism of the Loan Fund for the provision of a \$2,290 million subordinated loan to the Ocean Park Corporation (OPC), on a floating interest rate equivalent to the interest rate of the Government's fiscal reserves placed with the Exchange Fund, to proceed with the Ocean Park's Tai Shue Wan Development Project (the Project). The Panel on Economic Development was consulted on the proposal at its meeting held on 25 March 2013.

51. The Chairman instructed that the speaking time for the first round of questions should be not more than five minutes, including the Administration's reply.

Funding arrangements

52. Mr IP Kwok-him expressed support for the proposal and said that he was pleased to see the achievements the Ocean Park had made in recent years. He noted that OPC would have repaid all commercial loans for taking forward

the Ocean Park Master Redevelopment Plan (MRP) by 2021 and hence would no longer be subject to any restrictions on using the assets of the Ocean Park as collateral. He further noted that OPC's outstanding loans by then would solely be the Government loans for its MRP and the Project. He expressed concern about the Administration's proposal to request OPC to use the assets of the Ocean Park as collateral again in 2021 to back a new commercial loan. He was of the view that the Government should provide sustained financial support to OPC in taking forward the Project in order to enhance Ocean Park's attractiveness which would help promote the development of the local tourism industry.

53. Commissioner for Tourism (C for T) explained that by requiring OPC to seek to re-finance all its outstanding Government loans, including the MRP Government loans and the proposed Government loan for the Project in 2021, the Government's overall financial exposure to OPC could be minimized as far as possible to protect the public coffer. The Government would explore with OPC the above funding arrangements nearer the time, and the Government's loan for the Project would remain unchanged should the proposal for re-financing be infeasible at the time.

54. Mr TANG Ka-piu asked how confident was the Administration on ensuring that OPC would be able to repay all its MRP commercial loans by 2021 as well as the Government's loans for its MRP and the Project valued at around \$5,874 million in total, the final maturity of the latter would be 2033. He was also keen to ensure that OPC would strive to reduce pressure on admission fees by expanding income sources, such as developing iconic productions for local and international sale.

55. Deputy Commissioner for Tourism (DC for T) advised that the final maturity for OPC's MRP commercial and Government loans were 2021 and 2031, respectively. OPC would have repaid all its MRP commercial loans by 2021, OPC would then repay its MRP Government loans from 2021 to 2031, and repay the Government's loans for the Project starting 2021. The total amount of Government loan to be repaid by OPC starting from 2021 would be around \$5,874 million. C for T added that the attendance of the Ocean Park continued to hit new records in recent years. With an annual final surplus at approximately \$100 million along with the additional revenue expected to be brought by the proposed all-weather indoor-cum-outdoor waterpark under the Project, the Administration was positive about the repayment ability of OPC. The Ocean Park had been a very popular attraction for tourists and Hong Kong people, and OPC would continue the brand marketing.

56. Responding to Mr TANG Ka-piu's further question, C for T advised that OPC would need to repay all Government loans valued at around \$5,874 million in 2021 if it could secure commercial loans from the capital

market by then. Should the proposal for re-financing be infeasible at the time which would lead to the decision of not pursuing a commercial loan subject to the Government's agreement, OPC would then repay the above Government loans according to the repayment schedule as detailed in Enclosure 2 to FCR(2013-14)11.

57. Citing the drastic surge in construction cost for the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the West Kowloon Cultural District Development projects, Mr CHUNG Kwok-pan asked about the measures in place in case the approved loan amount was insufficient to cover the final project cost.

58. C for T advised that, with a view to containing the Government's financial exposure to OPC on the Project, the loan amount would be capped at \$2,290 million. Should the project cost eventually exceed the amount of the approved loan, the Government would not provide further funding support to OPC, and OPC would be required to sort out the matters in an appropriate and satisfactory manner without undermining the scale of and the expected level of guest experience offered by the Project as originally proposed. Chairman, Board of Ocean Park Corporation (Chairman, Board of OPC) pointed out that its MRP, even at a project cost of a considerable \$5,550 million, was completed on budget and on time although it also faced cost fluctuations as with other infrastructural projects. OPC had appointed independent consultants to conduct a very detailed study for the Project and would exercise due care in controlling the overall project cost.

Estimated attendance

59. While expressing support in principle for the proposal for the tourism benefits it brought to the local economy, Mr CHAN Han-pan was concerned about the financial viability of the proposed waterpark in view of the competitions posed by other similar tourist attractions in the region, such as the Chime Long Safari Park.

60. C for T advised that the daily attendance to the proposed waterpark at approximately 10 500 visitors was a reasonable estimate based on the total attendance to the theme park. Chairman, Board of OPC added that the attendance of the Ocean Park reached another new record of more than 7.4 million in 2012. The indoor area of the proposed waterpark would be operational all year round under all weather. The estimated attendance to the proposed waterpark was conservative and OPC was confident about its attractiveness. Chairman, Board of OPC assured members that the proposed waterpark would be one of the best in the world with unique and attractive features and facilities.

61. In response to Mr Paul TSE's question on whether the estimate daily attendance to the proposed waterpark at approximately 10 500 was based on the commissioning of the railway network leading to the Ocean Park, C for T advised that the South Island Line (East), expected to come into service in 2015, would provide a convenient and reliable access to the proposed waterpark which was scheduled for completion in 2017. Chairman, Board of OPC pointed out that the attendance of the Ocean Park reached 7.4 million in 2012 without railway transport. OPC was very confident about meeting the estimated daily attendance to the proposed waterpark as it was pitched very conservatively.

62. Mr Albert CHAN was pleased to learn that the Ocean Park had won The Applause Award and was recognized the world's best theme park. He expressed support for the proposal for the collective memory the Ocean Park had given to Hong Kong people. However, taking the closure of the Super Slides years ago as an example, he was concerned about the absence of a mechanism for OPC to consult LegCo on decommissioning any facilities for which funding had been approved. In this connection, he requested OPC to undertake to provide regular reports on admission figures and operations of the proposed waterpark, and to consult LegCo should it decided to decommission the proposed attraction.

63. C for T advised that the Administration and OPC had, and would, maintain dialogue with LegCo Members through various platforms such as meetings and site visits. The Administration was of the view that the Project in itself would be glamorous and would also enrich the overall tourism appeal of Hong Kong. Chairman, Board of OPC assured members that LegCo and the public would be consulted if there were major changes to the proposed waterpark.

Environmental concerns

64. Mr Steven HO sought clarifications from the Administration about a recent news report regarding the presence of possible harmful substances such as pool residuals, antiseptics, pesticides and fertilizers in the sewage to be discharged from the proposed waterpark. He was keen to ensure that the Project would not pose an impact on the shoreline and marine ecology.

65. C for T advised that OPC would attain a high level of environmental protection and conservation standard in taking forward the Project as well as in future operation of the proposed waterpark. Chief Executive, Ocean Park Corporation added that all sewage generated by the proposed waterpark would be appropriately treated before being discharged in order not to affect the water quality of coastal waters.

66. Dr Elizabeth QUAT urged for expediting the implementation of the Project. Referring to her recent duty visit to South Korea during which she visited a works project on recycling of construction waste in Dongdaemun, she was impressed that the element of environmental protection was incorporated in all aspects of the project, including conducting environmental impact assessments, selecting tender proposals which upheld the principles of environmental protection, working with contractors on implementing environmental protection initiatives, according priority to the procurement of environmental friendly construction materials and recycling of construction waste. She urged OPC to display innovation in incorporating the concepts of environmental protection and conservation in the course of design, construction and operation of the proposed waterpark, and have them showcased in an appropriate corner of the waterpark for the purpose of green education.

67. Chairman, Board of OPC advised that being a public educational park, the Ocean Park received around 50 000 students every year where they would learn about environmental protection and be a green citizen. OPC would strive to incorporate green elements in the Project and would consider Dr Elizabeth QUAT's suggestion on displaying the relevant work for education purpose.

Employment opportunities

68. Mr POON Siu-ping expressed support for the proposal. Of the some 2 900 new jobs expected to be created by the Project in 2018, he enquired the percentage and type of such jobs to be offered by the Ocean Park.

69. Deputy Chief Executive, Ocean Park Corporation advised that the operation of the proposed waterpark was expected to generate over 200 vacancies of life guards, ticketing and cleaning staff, while the rest of the job opportunities would be generated outside the context of the Ocean Park in areas such as material production.

70. Mr Paul TSE asked about the use of prefabs in the Project as this may have a bearing on the employment opportunities for the local workforce. Chairman, Board of OPC replied that most of the construction activities would be held local except the production of the slides. OPC would make good use of the experience and the expertise earned in its MRP in taking forward the proposed Project.

71. The Chairman instructed that the speaking time for the second round of questions should be not more than four minutes, including the Administration's reply.

Admission fees

72. Mr Albert CHAN opined that the admission fees to the proposed waterpark should be set at a level affordable to the general public. Expressing similar concerns, Mr CHAN Han-pan asked whether concessions would be offered to local residents on enjoying the proposed waterpark as public money was used to finance the Project.

73. Chairman, Board of OPC advised that while visitors would need to pay a reasonable fee to enable OPC to finance its operations and repay the loan provided for the Project, with the many social programmes and initiatives in place, such as free admissions for birthdays and those aged over 65, the public would find their enjoyable moments at the Ocean Park.

74. The Chairman put the item to vote. The Committee approved the item.

75. The meeting was adjourned at 7:00 pm.

Legislative Council Secretariat

30 October 2013