

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 19th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 19 March 2021, from 3:06 pm to 6:33 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, GBS, JP
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP

Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Jimmy NG Wing-ka, BBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS, JP

Public officers attending:

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elaine WONG Yin-ling,	Acting Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Edward YAU Tang-wah, GBS, JP	Secretary for Commerce and Economic Development
Miss Eliza LEE Man-ching, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Mr Joe WONG Chi-cho, JP	Commissioner for Tourism
Mr Anson LAI Yat-ching	Assistant Commissioner for Tourism 2
Mr Michael HONG Wing-kit	Chief Civil Engineer (Public Works Programme), Transport and Housing Bureau
Mr Jacky WU Kwok-yuen, JP	Head of Civil Engineering Office, Civil Engineering and Development Department

Mr Gabriel WOO Tai-on	Project Team Leader (Housing), Civil Engineering and Development Department
Mr Ken YIP Koon-keung	Chief Traffic Engineer (New Territories East), Transport Department
Mr Francis MA Hon-yim	District Lands Officer (Sai Kung), Lands Department
Ms SER Hing-yi	Chief Architect (7), Housing Department
Mr Ivanhoe CHANG Chi-ho	Commissioner for Heritage, Development Bureau
Mr Ben LO Yu-bun	Chief Assistant Secretary for Development (Works) 2
Ms Susanna SIU Lai-kuen	Executive Secretary (Antiquities and Monuments), Development Bureau
Ms Winnie HO Wing-yin, JP	Director of Architectural Services
Ms Jackie LEE Ka-lai	Senior Project Manager 330, Architectural Services Department
Mr Horman CHAN Ming-cheong	Assistant Director of Leisure and Cultural Services (Leisure Services)1
Mr Ricky CHAN Wai-kit	Senior Engineer 11(East), Civil Engineering and Development Department

Other persons attending:

Mr LAU Ming-wai, JP	Chairman, Board of Ocean Park Corporation
Ms Ysanne CHAN	Chief Executive, Ocean Park Corporation

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Ms Angel SHEK	Chief Council Secretary (1)1
Miss Bowie LAM	Council Secretary (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2

Mr Frankie WOO
Miss Mandy POON
Miss Yannes HO

Senior Legislative Assistant (1)3
Legislative Assistant (1)1
Legislative Assistant (1)7

Action

The Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure.

2. In relation to the public works proposals to be considered by the Finance Committee ("FC") at this meeting, the Chairman declared that he was a Director and the Chief Executive Officer of Well Link Insurance Group Holdings Limited. He was also a Director of Well Link General Insurance Company Limited and Well Link Life Insurance Company Limited, both under the Well Link Insurance Group.

Item 1 — FCR(2020-21)97

**RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 24 FEBRUARY 2021**

PWSC(2020-21)34

HEAD 707 — NEW TOWNS AND URBAN AREA DEVELOPMENT

Civil Engineering — Land development

**332CL — West Kowloon Reclamation – main works (remainder) –
footbridge at the junction of Sham Mong Road and Yen
Chow Street West in Sham Shui Po**

3. The Chairman advised that this item sought FC's approval for the recommendation made by the Public Works Subcommittee ("PWSC") at its meeting on 24 February 2021 in respect of PWSC(2020-21)34 on the upgrading of 332CL West Kowloon Reclamation - main works (remainder) - footbridge at the junction of Sham Mong Road and Yen Chow Street West in Sham Shui Po to Category A at an estimated cost of \$330 million in money-of-the-day ("MOD") prices.

Voting on FCR(2020-21)97

4. At 3:07 pm, the Chairman put item FCR(2020-21)97 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 2 — FCR(2020-21)98
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 24 FEBRUARY 2021

PWSC(2020-21)35

HEAD 709 — WATERWORKS

Water Supplies — Salt water supplies

56WS — Improvement of salt water supply to Tsuen Wan and Kwai Chung

5. The Chairman advised that this item sought FC's approval for the recommendation made by PWSC at its meeting on 24 February 2021 in respect of PWSC(2020-21)35 on the upgrading of 56WS - Improvement of salt water supply to Tsuen Wan and Kwai Chung to Category A at an estimated cost of \$348.6 million in MOD prices.

Voting on FCR(2020-21)98

6. At 3:08 pm, the Chairman put item FCR(2020-21)98 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 3 — FCR(2020-21)103

HEAD 152 — GOVERNMENT SECRETARIAT :
COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU (COMMERCE,
INDUSTRY AND TOURISM BRANCH)

Subhead 700 General non-recurrent

New item "Non-recurrent Funding for the Ocean Park Corporation"

LOAN FUND

HEAD 274 — TOURISM

Subhead 121 Loan for the Ocean Park Redevelopment Plans

Subhead 122 Loan for the Ocean Park's Tai Shue Wan Development Project

7. The Chairman said that this item sought FC's approval for:

- (a) a new non-recurrent commitment of \$1,664 million under Head 152 Government Secretariat: Commerce and Economic

Development Bureau (Commerce, Industry and Tourism Branch) Subhead 700 General non-recurrent for providing funding to the Ocean Park Corporation ("OPC") to support its operation and implementation of the future strategy for Ocean Park ("OP") (i.e. strategy which aimed to transform OP into a destination which focused on conservation and education, grounded in nature and complemented by adventure and leisure elements to enhance visitor experience); and

- (b) amendments to the terms under Loan Fund Head 274 Tourism Subhead 121 Loan for the Ocean Park Redevelopment ("MRP") Plans (the Ocean Park Redevelopment Plans is also referred to as the Master Redevelopment Plan) and Subhead 122 Loan for the Ocean Park's Tai Shue Wan ("TSW") Development Project.

8. The Chairman said that the Commerce and Economic Development Bureau had consulted the Panel on Economic Development ("the Panel") on the proposal at the meetings on 25 January and 22 February 2021. The time spent by the Panel for discussing the item was three hours 37 minutes.

9. Mr Christopher CHEUNG, the Chairman of the Panel, briefed members on the Panel discussion. Mr CHEUNG said that Panel members recognized the contribution of OP to Hong Kong and its need for transformation. While members did not object to the direction of OPC on conservation and education ("C&E"), members were prudent in considering OP's future operation mode and the current financial proposal, which aimed to transform OP into a leisure and resort area by adopting a mixed operation mode, including the outsourcing of certain areas to developers/operators, and introducing a new admission scheme. Some members expressed concern that a mixed mode might give rise to confusion and commercialization in OP's operation, which ran counter to the Park's themes of nature conservation and education. These members were also worried that OP might need to seek further public funding support should it not be able to sustain itself financially. Some members held the view that government support should be provided to OP in the form of a loan grant instead of non-recurrent funding under the current proposal and time-limited subvention (the time-limited subvention would be provided to OPC separately for four years for conservation and education ("C&E") initiatives starting from the financial year 2022-2023 and reflected in the Estimates of Expenditure concerned). Some members were worried that the financial projection of the Water World ("WW") (i.e. an all-weather water park being constructed in OP and to be operated by OPC directly) might be over-optimistic. Members requested the Government to consider outsourcing WW or even the entire

OP. Noting that the future strategy of OPC would help take forward the Invigorating Island South ("IIS") initiative stated in the Policy Address 2020, there were concerns about whether and how the two new piers to be constructed under the initiative would tie in with OP in terms of connectivity. Some other members also raised issues about the impact of OPC's cost-saving measures on its staff establishment. The Government's written response to address the above concerns had been circulated to Members for reference.

Proposed financial arrangement

Non-recurrent funding support

10. Mr CHAN Chun-ying and Mr KWOK Wai-keung queried why the option of providing additional government loan(s) to OPC was not recommended.

11. Secretary for Commerce and Economic Development ("SCED") said that the unforeseeable closure of OP for over 200 days last year due to the Coronavirus Disease 2019 ("COVID-19") pandemic had virtually deprived OPC of any revenue for months, thereby severely aggravating its financial difficulties. While the Park was very much in need of repositioning, taking forward the future strategy would take time. The proposed financial arrangements comprising three components would help OPC tide over its dire financial situation in the short to medium term, support its C&E initiatives during a financially challenging period, provide a buffer for OPC to embark on the future strategy along the directions as committed to FC last year, and relieve the heavy burden of the government loans repayment on OPC in the long run. The Government considered that OP had business potential and would continue to stand as an important and competitive tourism infrastructure of the territory.

Time-limited subvention

12. Mr YIU Si-wing supported the proposal as OP had been an iconic tourism infrastructure contributing to the local economy in the past four decades, by attracting inbound visitors from the Mainland in particular. Mr YIU enquired about the funding source to sustain OPC's C&E work upon expiry of the time-limited subvention in 2026.

13. SCED advised that the Government was positive that the financial health of OPC would improve with the implementation of its future strategy, enabling it to continue to promote its C&E work on a self-sustaining basis,

upon the end of the time-limited subvention, as it had done so all along in the past decades.

14. Dr CHENG Chung-tai asked about the government bureau/department responsible for disbursement and monitoring of the time-limit subvention. Dr CHENG reminded OPC of the need to reach out to the community and engage local stakeholders in its C&E work.

15. Commissioner for Tourism, Commerce and Economic Development Bureau ("C for T") advised that the Tourism Commission would be the responsible department. The annual funding amount would be pitched at the average one-year expenditure of OPC on C&E (calculated based on the average of such expenditure of OPC from 2014-2015 to 2018-2019), or the actual expenditure level of the preceding financial year, whichever was the lesser amount. OPC would be required to submit its audited statement of accounts to LegCo every year, and Members were welcomed to raise enquiry with the Government/OPC for additional information.

Restructuring of government loans

16. Mr CHAN Chun-ying said that, should the Government hold a positive view of the financial sustainability of OPC in the coming decades, instead of providing interest waivers to OPC for the two government loans (viz. the MRP Government Loan and TSW Government Loan) as proposed, the interest capitalized should form part of the debt to be repaid to the Government. To ensure that OPC had sufficient cash flow for its operation, the Government might consider capping a certain percentage of the revenue/positive cash flow of OPC for refinancing the outstanding government loans without a time limit. Referring to the proposed Indicative Repayment Schedule in Enclosure 3 to FCR(2020-21)103 which would require OPC to repay around 13% of its loan from 2028-2029 to 2046-2047 (viz. \$37 million per year); and thereafter, increase the repayment amount to some hundred million starting from 2047-2048 until 2058-2059, Mr CHAN queried whether the repayment capacity of OPC had been over-estimated.

17. SCED explained that the current proposal, comprising non-recurrent funding, time-limited subvention for C&E, as well as restructuring of government loans including interest waiver and deferral of loan repayment, was meant to provide immediate financial relief for OP to avoid closure in the short to medium term, and allow OPC to maintain a minimum cash reserve for implementation of its rebirth plan with a view to achieving financial sustainability in the long run.

18. Mr Martin LIAO noted that the land lease for OP located at Rural Building Lot Nos. 1020 and 1085 would expire respectively in 2059 and 2047. Given the proposed deferral of the date of final maturity of the outstanding loans (i.e. MRP Government Loan and TSW Government Loan) to March 2059, Mr LIAO asked whether the Government would extend the lease of the said lots to 2059. SCED said that while a recommendation would be made at an appropriate time to extend the relevant land lease, approval would be subject to the decision of the Chief Executive in Council.

Financial projection

Attendance and financial projection of Water World

19. Mrs Regina IP said that it would be difficult not to support the proposal to help OPC tie over the financial challenge, given that as much as around \$4 billion had already been invested in WW under the TSW Development Project. Mr Jeffrey LAM said that hopefully, the opening of WW could provide a source of sustainable income for OP in the long term. In this connection, the Government and OPC should provide more details on the long-term strategy to sustain the operation of WW.

20. Ms Elizabeth QUAT and Ir Dr LO Wai-kwok expressed concern about the financial impact on OPC if the opening of WW could not commence as scheduled in the wake of the COVID-19 pandemic. Ms YUNG Hoi-yan expressed doubts whether the attendance projection of WW had taken into account the possibility that OP would remain semi-closed in the coming few years due to the pandemic.

21. Ir Dr LO Wai-kwok queried whether it was too optimistic to project a balance between the operating cost and operating income of WW in the first year of implementation of the future strategy. Mr Michael TIEN noted the cost over-run of WW from the original estimate of some \$2.29 billion in 2013 to \$3.86 billion in early 2020 and doubted the ability of OPC to sustain the operation of WW on a self-financing basis. Referring to the information provided by the Government at Enclosure 4 to FCR(2020-2021)103 on the projection on the overall operating cost and operating income of OP and WW, Mr TIEN asked:

- (a) whether the estimated annual attendance of around 1.3 million for WW after the financial year 2024-2025 was realistic, and whether the operating cost and income of WW could indeed close its gap as so projected. If not, whether future deficit, if any, would be covered through government subvention; and

- (b) whether outsourcing WW would be an option should OPC fail to strike a cash balance.

22. Chairman, Board of Ocean Park Corporation ("Chairman of BOPC"), SCED and C for T said that:

- (a) OPC was confident that WW would open this summer in the light of the gradually stabilizing pandemic situation and the launching of the COVID-19 vaccination programme by the Government;
- (b) the provision of a non-recurrent funding of \$1,664 million for OPC would be sufficient to cover the one-year capital and operating expenditures of WW thus mitigating any potential delay in the opening of WW due to the COVID-19 pandemic;
- (c) the attendance projection of around one million annual attendance for WW, when compared with those of other similar water park facilities in Asia and Australia, was considered a prudent assumption; and
- (d) OPC was confident that WW would be competitive and would achieve a balance between operating cost and operating income to sustain its operation in the long term. OPC and the Government would explore alternative should the operation of WW turn out to be unsustainable financially due to unforeseeable circumstances in the future.

23. SCED said that OPC was committed to implementing a rebirth plan, including phasing out old amusement facilities, to sustain the Park's operation. WW, as an all-weather water park featuring 27 indoor and outdoor water attractions, would be a main attraction of OP.

24. Mr YIU Si-wing noted the projected annual income of WW in 2025-2026 and the subsequent five years to be around \$510 million each year. Mr YIU enquired about OPC's strategies to maintain a stable annual income for WW taking into account cost inflation.

25. SCED and Chairman of BOPC said that:

- (a) WW was expected to attract frequent visits by local people as an all-weather, year-round resort and leisure destination; and

- (b) the income projection was made based on such assumptions as OP's regular updates of its facilities and introduction of new programmes, ticket price adjustments and in-park spending per capita, and WW should be able to cope with cost inflation.

26. Mr Tony TSE reminded OPC to review at an appropriate time whether it would be more sustainable to outsource WW.

27. Chairman of BOPC advised that OPC had decided that WW should be operated by OPC in the short to medium term, as outsourcing would incur management fee and would not bring more financial return and the relevant procedure would delay the opening of WW. OPC would benchmark the performance of WW against that of similar facilities in other places and review its mode of operation in future.

28. In response to Mr Tony TSE, C for T said the projection of the operating cost (including capital and operating expenditures) of WW had not taken into account depreciation of the facilities so as to better reflect the cash flow situation. Mr TSE held the view that the capital investment for the construction of WW should be counted into the financial projection of WW.

Financial projection of Ocean Park (excluding Water World)

29. Mrs Regina IP enquired about the attendance of OP pursuant to its recent reopening. Chairman of BOPC said that since the reopening, the attendance had been satisfactory particularly during weekends. Despite the reopening, the financial situation of OP remained dire in the wake of the pandemic. SCED supplemented that OP had to observe various disease prevention and control measures as promulgated by the Government since its reopening on 18 February 2021, including restriction on the capacity of the Park and the facilities therein, which limited its attendance.

30. Mr Holden CHOW referred to the ten-year projection of the operating cost and operating income of OP (excluding WW) from 2021-2022 onwards, which indicated that OPC could manage to narrow the gap between operating cost and income, with an increase in revenue from 2024-2025 onwards. Mr CHOW asked how long it would take for OPC to achieve a positive cash balance.

31. SCED and C for T said that:

- (a) the Government expected that, with FC's approval for the proposal, OPC would be able to maintain a positive cash balance from 2021-2022, and achieve a positive EBITDA

(earnings before interest, taxes, depreciation, and amortization) and net cash inflow starting from 2024-2025; and

- (b) OPC's projection on the operating income of OP was prudent as it had yet to take into account the upfront payment and rent/revenue share to be received from the outsourced facilities/zones to be put in place.

32. Noting it might be sensitive for the Government to disclose information related to the outsourcing of the new non-ticketed retail, dining, and entertainment ("RDE") zone, Dr Pierre CHAN enquired about the market rental rate of retail and dining operation in the district, say, the market rental value of the commercial premises near Wong Chuk Hang Station of the Mass Transit Railway ("MTR"). He considered that such information could help Members assess OPC's revenue to be generated from outsourcing retail/dining services in the RDE zone.

33. Chairman of BOPC said that it was considered inappropriate to disclose any commercially sensitive information including the estimated rent/revenue share for the RDE zone lest the integrity of the tender procedure would be compromised. SCED explained that, as stated in paragraph 13 of the FC paper, the developers/operators of the RDE zone would bear all the costs for the planning, design, construction, management, maintenance, marketing and leasing of the RDE facilities, as well as related facilities in the zone (including public spaces and children's play area) and in so doing they would have to ensure synergy and consistency with the themes of the OP. Given the uniqueness of the arrangement and the scale of development involved, the actual amount of upfront payment and rent/revenue to be received would be variables which could only be confirmed upon completion of the tender exercise.

34. Mr Tony TSE expressed support for the financial proposal, taken into consideration that the ten-year financial projection of Ocean Park and WW pointed towards a cash surplus by 2031, and OPC had shown commitment to achieving financial sustainability through implementation of the rebirth plan and better corporate management. Mr TSE considered that OPC should be given the opportunity to continue its work and prove the feasibility of its strategic plan.

35. Mr WONG Ting-kwong said that he would support the financial proposal and OPC's rebirth plan provided that OPC would be capable of increasing its revenue to achieve a positive balance in the future. Mr WONG requested the Government/OPC to provide supplementary

information related to the operation cost for managing WW and the amusement rides, the projected income from WW admission, dining facilities and souvenir retail shops, as well as the size of the commercial areas/facilities in the lower park and the projected income generated therefrom. Dr Pierre CHAN requested for information on the attendance and income generated from the promotion packages of OPC launched in 2020 (i.e. promotion of glamping, trekking and yoga retreat activities). Chairman of BOPC said that the new programmes were very popular and enabled OPC to test the market in undertaking new directions. The Government/OPC undertook to provide the above information after the meeting.

[Post-meeting note: The supplementary information provided by the Government was issued to members vide LC Paper No. FC141/20-21(01) on 29 April 2021.]

Staffing issue

36. Mr POON Siu-ping considered it worthy to support the proposal to enable OPC to further its new venture and minimize impact on OPC's staff who might otherwise be laid off if OPC went bust. Mr POON asked whether the non-recurrent funding of \$1,664 million had taken into account the staff cost of WW and the potential impact should the Park's attendance fall short of expectation in the coming year; and whether there would be a salary reduction for the senior management. Mr SHIU Ka-fai however expressed concern that OPC's recent recruitment of staff members to prepare for WW's opening might increase the operating cost of OPC.

37. Mr Jeffrey LAM suggested that OPC should require the awarded bidders of outsourced facilities/zones to give priority to hiring existing staff of OPC. Dr CHENG Chung-tai said that OPC needed to clarify the number of employees to be affected by the future outsourcing.

38. Chairman of BOPC said that:

- (a) the primary concern of OPC was to ensure public safety in the utilization of the water park facilities and hence sufficient staff would be recruited for operating WW while OPC would actively seek other ways to reduce its operational costs;
- (b) upon implementation of the future strategy, the total number of jobs (full-time and part-time) in the Park would increase;

- (c) while the number of staff directly employed by OPC would be reduced due to the outsourcing arrangement, the process would take place gradually, spanning a four to five years' period, the impact on OPC's employees would hence be mitigated and existing OPC staff would be given priority in the WW recruitment exercise and OPC would also consider requiring the future operator(s) to give priority to existing OPC staff in their recruitment; and
- (d) OPC reckoned the need to restructure and streamline its management and more importantly, the management had to embrace a new mindset and corporate culture in line with the rebirth plan.

Governance of Ocean Park Corporation

39. Mrs Regina IP, Mr Christopher CHEUNG, Mr SHIU Ka-fai and Dr Priscilla LEUNG called on OPC to control cost and strive for long-term financial sustainability without further reliance on government funding/subvention in the future. Dr LEUNG said that OPC should enhance the Park's attraction and competitive edge by leveraging more on its natural landscape and re-focusing on its C&E theme.

40. Mrs Regina IP considered the business decision of the former Board unwise by relying heavily on loans in billions of dollars to develop the Park when OPC's annual net profit was only some \$100 million. Mrs IP urged the incumbent Board to avoid the same mistake. Mr CHEUNG Kwok-kwan considered that the financial problem of OPC was more attributive to the over-ambitious development plan of OPC in the past decades. Pointing out that it would take time for WW and the new RDE zone to generate positive cash income, Mr Christopher CHEUNG said that OPC should minimize as far as possible the financial risk in launching the rebirth plan.

41. Mr Tony TSE noted the efforts of the OPC management to overcome the financial crisis of OPC in recent years but considered there was room for improvement. Ms Elizabeth QUAT asked about the cost saving measures of OPC. Mr Christopher CHEUNG called on OPC to cut cost such as staff emolument and enhance its management efficiency. Mr KWOK Wai-keung said that OPC should endeavour to revive the public's confidence in its performance with implementation of the rebirth plan.

42. Mr Michael TIEN expressed concern that future changes, if any, in leadership of the Board might disrupt OPC's mission and strategies and

necessitate financial support from the Government again. Mr CHEUNG Kwok-kwan expressed similar concern.

43. Chairman of BOPC said that the salary of OPC's managerial staff had been reduced by 5% to 15% for cost saving. He reiterated that it was paramount for OPC's upper/middle management to change their mindset in order to transform OP. OPC kept an open mind to receiving Members' comments anytime in this regard.

Future strategy

New retail, dining, and entertainment zone

44. Ms Regina IP supported the initiative to develop the lower park of OP into a non-ticketed and zero-charge RDE zone for public enjoyment, considering the shortage of open space for free leisure and recreational activities in the territory. For better crowd management, she suggested an on-line booking system be provided for admission.

45. Ir Dr LO Wai-kwok noted that the proposed RDE zone might help incentivize the public to visit other zones of OP but remained skeptical of the zero-charge admission policy. Mr Jeffrey LAM expressed doubt as to whether the non-ticketed RDE zone would help boost OPC's income. Mr LAM and Ir Dr LO suggested that the purchase of redeemable coupon required of each admission to the RDE zone so as to help encourage in-park spending and sustain investors' commercial interest in that zone. Mr Michael TIEN considered the outsourcing of RDE zone a high-risk venture.

46. Ms YUNG Hoi-yan sought more information about the RDE zone, for example, whether it would accommodate shopping facilities such as outlets and retail shops; and its connectivity with other zones of OP.

47. Chairman of BOPC said that:

- (a) the RDE zone (with a gross floor area of about 42 000 m²), which would leverage its seaside location and MTR connection, would strive to create for visitors a unique outdoor leisure/dining experience suitably incorporated with C&E elements and unmatched by any ordinary shopping mall in Hong Kong thereby attracting repeat visitors;
- (b) OPC would monitor the operation and introduce relevant regulations or codes of practice, if needed, to prevent

overcrowding and ensure quality visitor experience. OPC might also consider a minimum spending requirement for the RDE zone if necessary; and

- (c) while the zero-charge RDE zone was meant to attract repeat visitors to OP, OPC would attach importance to boosting in-park spending as well.

48. Mr Jeffrey LAM expressed concern as to how the new initiative could help finance OPC's C&E work. Chairman of BOPC said that C&E related theme would be integrated into the RDE zone as appropriate. OPC would deliberate on strategies to attract visitors of the RDE zone to the upper park. Revenue received by OPC from the RDE zone and other outsourced zone(s)/facilities would be used to promote its statutory functions which included sustaining OPC's C&E work.

Pay-as-you-go ticketing regime

49. Dr CHENG Chung-tai noted the proposed change in the ticketing regime (i.e. from the existing pay-one-price model to allowing zero-charge admission to certain parts of OP (the lower park) while charging an affordable admission fee for other parts (the upper park) and adopting a pay-as-you-go model for particular attractions and specific zones) and considered that OPC should provide more details regarding the interface between the phasing out of old facilities and the launching of new zones. Dr CHENG also asked whether existing facilities in the lower park would shut down to facilitate development of the new RDE zone.

50. Chairman of BOPC said that:

- (a) the pay-as-you-go-model would provide options for visitors to pay for those zones/attractions appealing to them. With this new charging model and possibly the use of technology, different packages could be designed to offer different combinations of park experiences for guests to choose from so that they would find it value for money to visit the Park; and
- (b) whether the new zones including the RDE zone would be developed phase by phase or in one go as well as their development timetable would be subject to the proposals of the winning bidders. In the meantime, OPC would continue with the pay-one-price model. OPC did not consider closing the whole park during the transitional period for an overhaul

development a good option as it would be the most costly arrangement.

Coordination of daily operation

51. Mr Kenneth LAU enquired about the details of the committee that might be set up by OPC for coordination of the daily operation of different zones/facilities of OP ("Coordination Committee").

52. Mr Tony TSE said that the prospect of OPC's rebirth plan and the revival of OP as an iconic tourist attraction would create synergy among the different zones and with the IIS initiatives. Mr TSE asked whether the Coordination Committee would leverage on the expertise of professionals in the respective fields.

53. Chairman of BOPC said that OPC had yet to work out the details of the Coordination Committee. The issue was more about selection of business partners who would share the vision of OPC and create synergy with each other. Apart from the Committee's coordination, it would require the constant concerted efforts of the business partners to maintain a coherent brand of OP. SCED added that:

- (a) OPC would set the future vision and directions to be followed by the developers/operators when designing, constructing and operating the outsourced zones/facilities, so that new projects would be consistent with the overall theme of the Park;
- (b) OPC would formulate the framework for the new joint-operation model, prescribe relevant terms and conditions in the commercial contracts for its partners, and run the Coordination Committee together with developers/operators. The Board of OPC which included government representatives would oversee the implementation; and
- (c) while construction of the two piers would be undertaken as public works projects, their management might be entrusted to OPC. The two piers would help enhance OP's connectivity and synergy with other attractions in the Southern District and beyond, and consolidate the Park's position as the core of marine tourism in Hong Kong under the IIS initiative. Legislative proposal would be made to amend the Ocean Park Corporation Ordinance (Cap. 388) to empower OPC to extend their functions outside the existing Park areas.

54. Ms Elizabeth QUAT enquired about the expression of market interest in OPC's plan to outsource the facilities at the lower park to private investors. Chairman of BOPC advised that since the announcement of the rebirth plan in January 2021, OPC had been approached by a considerable number of operators expressing interest in joining the Park's future operation. Preliminary ideas forwarded by interested parties were being considered for the time being. Upon FC's approval of the proposal, OPC would formulate the details for the tender exercise and kick-start the process as soon as possible.

Invigorating Island South initiative

55. Mr Kenneth LAU enquired about the development of marine tourism routes to enhance connectivity among areas in and out of the Park. SCED and C for T advised that the two piers proposed under the future strategy for OP would help enhance OP's connectivity and open up opportunities for marine tourism synergizing with other historical and cultural attractions in the Southern District and beyond. Upon FC's approval of the current proposal, the Government would conduct detailed study for the two piers. OPC would also seek comments from stakeholders regarding the formulation of marine tourism routes.

56. Mr KWOK Wai-keung sought clarification on whether the IIS initiative, which would cover areas including Ap Lei Chau and Wong Chuk Hang, was planned to revive OP or to enhance the life quality and leisure activities of the local community in the Southern District.

57. SCED said that:

- (a) the IIS initiative announced in the Chief Executive's 2020 Policy Address included the rebirth of OP as one of the key projects. The Development Bureau would oversee the implementation of the IIS initiative which would involve land planning and infrastructural development. The Development Bureau had set up the IIS Office, together with other relevant bureau/departments (including the Tourism Commission), to take forward the initiative; and
- (b) the proposal to create a zero-charge RDE zone at the lower park would provide for the public a new accessible focal point of leisure and recreation in the Southern District. The construction of the two piers along the seashore would enable the development of new marine tourism routes connecting

westward to the Aberdeen cultural sites, and eastward to other bays along the coastline.

58. In reply to Mr Jeffrey LAM, Chairman of BOPC affirmed that OPC would not pursue to tie in the rebirth plan with the revitalization of the Jumbo Floating Restaurant given the pressing need to take forward the future strategy first. Nevertheless, OPC was well aware of the public expectation.

59. The meeting was suspended at 5:07 pm and resumed at 5:18 pm.

Voting on FCR(2020-21)103

60. At 5:47 pm, the Chairman put item FCR(2020-21)103 to vote. At the request of members, the Chairman ordered a division. The Chairman declared that 26 members voted in favour of and 1 member voted against the item, and no member abstained from voting. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG Yu-yan	Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong	Dr Priscilla LEUNG Mei-fun
Mr WONG Kwok-kin	Mrs Regina IP LAU Suk-ye
Mr Paul TSE Wai-chun	Mr Steven HO Chun-yin
Mr Frankie YICK Chi-ming	Mr YIU Si-wing
Mr Christopher CHEUNG Wah-fung	Mr Martin LIAO Cheung-kong
Mr POON Siu-ping	Ir Dr LO Wai-kwok
Mr CHUNG Kwok-pan	Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai	Mr Wilson OR Chong-shing
Ms YUNG Hoi-yan	Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan	Mr LUK Chung-hung
Mr LAU Kwok-fan	Mr Kenneth LAU Ip-keung
Mr Vincent CHENG Wing-shun	Mr Tony TSE Wai-chuen

(26 members)

Against:

Dr CHENG Chung-tai
(1 member)

61. The Chairman declared that the item was approved.

Item 4 — FCR(2020-21)99

**RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 24 FEBRUARY 2021**

PWSC(2020-21)32

HEAD 711 — HOUSING

Civil Engineering — Land development

**808CL — Site formation and infrastructure works for public
housing developments at Tseung Kwan O**

62. The Chairman said that this item invited FC to approve the recommendation of PWSC made at its meeting on 24 February 2021 to upgrade 808CL to Category A at an estimated cost of \$2,508.4 million in MOD prices for site formation and infrastructure works for public housing developments at Tseung Kwan O ("TKO"). The time spent by PWSC for discussion of the item was 33 minutes.

Environmental impact

Noise nuisance

63. Ms Yung Hoi-yan expressed concern about the potential noise impact of the proposed infrastructure works on the residents in Po Lam. Mr Holden CHOW noted that noise barrier would be provided at a section of the Ying Yip Road to reduce noise nuisance and asked whether the noise barrier could be extended in future.

64. Head of Civil Engineering Office, Civil Engineering and Development ("H of CEO, CEDD") said that CEDD had completed the Preliminary Environment Review and concluded that the project would not cause any long-term adverse environmental impacts with the implementation of mitigation measures including roadside noise barriers. The provision of noise barrier at lower portion of Ying Yip Road was to reduce noise nuisance for the village houses in Hang Hau. Due to the sloping ground and profile of the elevated Ying Yip Road, traffic noise from the upper portion of the road would not affect the village which was at a lower level and hence noise barrier for that portion would not be necessary.

Traffic and transport impact

65. Dr CHENG Chung-tai expressed concern that the future commencement of the public housing blocks at West of Yau Yue Wan Village for intake would generate additional traffic demand in the vicinity of Po Lam and the MTR Po Lam Station might not be able to cope with the

increased passenger demand. Dr CHENG was also worried about the traffic situation of the trunk roads between the urban areas and TKO after the population intake of the proposed housing developments. He asked whether the Government would update the relevant traffic impact assessment ("TIA") at a later stage.

66. Ms YUNG Hoi-yan expressed concern that the reserved capacity of the Tseung Kwan O-Lam Tin Tunnel and Cross Bay Link might not be able to cope with the traffic flow arising from the new housing developments at TKO. Ms YUNG urged the Government to keep in view the situation.

67. H of CEO, CEDD said that the residents of the development at West of Yau Yue Wan Village, which was scheduled for completion in 2029, were expected to take MTR at Po Lam Station which was about 630 m away. CEDD would improve the road infrastructure in the vicinity by construction of covered walkway and improvement of pedestrian crossings. The Government had conducted a TIA for the proposed public housing developments, and had reviewed the roads in the vicinity and the trunk roads connecting the urban areas and TKO. With the implementation of the proposed traffic improvement measures, the local traffic conditions were generally manageable to accommodate the traffic needs arising from the proposed public housing developments. Chief Civil Engineer (Public Works Programme), Transport and Housing Bureau ("CCE(PWP), THB") said that the MTR Corporation was upgrading the signalling systems of existing MTR lines and the overall carrying capacity would be increased by about 10% upon completion of the upgrading works. Upon the commissioning of SCL, the MTR system would be able to divert existing passenger flow.

Provision of non-domestic facilities

68. Mr Tony TSE urged the Government to expedite the implementation of the proposed works to expedite housing supply in Hong Kong. He asked how the proposed works related to the public housing developments at TKO would take into consideration the commitment of the Chief Executive in the Policy Address 2020 to increase the plot ratio of future public housing projects for the provision of social welfare facilities by about 5% of the gross floor area.

69. Ms YUNG Hoi-yan noted that the Government's conceptual plan of the public housing developments in TKO had indicated the area marked for welfare and retail facilities on the three government lands sited at West of Yau Yue Wan Village, East of Hong Kong Movie City, and Northwest of

Ying Yip Road. She expressed concerned whether the area earmarked would be adequate to address the needs of residents.

70. CCE(PWP), THB said that the Government would try to expedite the implementation of the proposed works. The Government would also take into account the policy initiative announced by the Chief Executive about additional gross floor area for the provision of social welfare facilities in future public housing projects. The site at West of Yau Yue Wan Village was close to some existing public housing estates and private residential developments where retail facilities and wet market were available. The Government had commissioned a retail consultant to study suitable retail facilities taking into account the existing facilities and estimated demands. The non-domestic facilities to be provided in the proposed housing projects would include kindergartens, welfare and retail facilities.

71. Ms YUNG Hoi-yan asked about the main concern of the objections received pursuant to the gazette of the proposed road works. Project Team Leader/Housing, CEDD said that the 16 objections received were mainly related to transport and traffic issues. CEDD had met the objectors and conducted site visits with them to explain the details of the proposed road works. Two objectors withdrew their objections unconditionally. The unresolved objections and the correspondence with the objectors were subsequently submitted to the Chief Executive in Council ("CE in C") for consideration. CE in C authorized the proposed road works without modification. H of CEO, CEDD added that, to expedite the project, the Government had commenced tendering for the proposed works in parallel with seeking the funding approval of FC.

Voting on FCR(2020-21)99

72. At 6:09 pm, the Chairman put item FCR(2020-21)99 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 5 — FCR(2020-21)95

RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 27 JANUARY 2021

PWSC(2020-21)31

HEAD 703 — BUILDING

Recreation, Culture and Amenities — Open spaces

470RO — Lung Tsun Stone Bridge Preservation Corridor at Kai Tak

73. The Chairman said that this item sought FC's approval of the recommendation of the PWSC made at its meeting on 27 January 2021 to upgrade 470RO to Category A at an estimated cost of \$669.2 million in MOD prices for the Lung Tsun Stone Bridge ("LTSB") Preservation Corridor at Kai Tak. The time spent by PWSC for discussion of the item was 41 minutes.

The Preservation Corridor*Preservation work*

74. Mr LUK Chung-hung asked whether a tablet would be erected prominently at the entry of the Preservation Corridor as a landmark; and whether the part of LTSB historically used for greeting officials during the Qing dynasty ("Pavilion for Greeting Officials") would be reconstructed in its entirety.

75. Director of Architectural Services ("D of ArchS") advised that Lok Sin Tong, a charity organization, had raised fund at the end of the nineteenth century to extend the bridge. A stone tablet inscribed with "龍津", believed to be remains of the pavilion of LTSB, was currently erected at the Lok Sin Tong Primary School in Kowloon City. The Architectural Services Department would consider producing a replica of the stone tablet for display at the Preservation Corridor. The extent of conservation of the historical "Pavilion for Greeting Officials" would be subject to the size of the foundation walls unearthed. D of ArchS and Executive Secretary (Antiquities and Monuments), DEVB added that, with reference to the principles and practices stipulated in the international characters on heritage conservation, the conservation guidelines established that the unearthed LTSB remnants should be preserved in-situ. The parts of the LTSB lost in the past should not be speculatively recreated and/or conjecturally reconstructed.

Interpretation facilities

76. Noting the high cost of \$669.2 million for conservation of LTSB, Mr Tony TSE and Mr YIU Si-wing said that the Government should enhance promotion on the heritage values and preservation of the historical remnants. Mr YIU sought details on the provision of interpretation facilities for the public.

77. Commissioner for Heritage, DEVB ("C for H, DEVB") advised that the funding currently sought would cover engagement of consultants to undertake archaeological, heritage interpretation and geotechnical engineering services under the project. D of ArchS and Assistant Director of Leisure and Cultural Services (Leisure Services)1 ("AD(LS)1") said that information on the history and archaeological work of the remnants would be disseminated through different media, such as historical photos, three-dimensional models and interactive multimedia.

78. AD(LS)1 added that individual visitors could use the interpretation facilities at the site or the relevant multimedia mobile application. Publicity materials of LSTB would also be available at the website of the Leisure and Cultural Services Department ("LCSD"). LCSD would organize guided tours for visitors and promote the appreciation of the heritage to students and the public at large.

Ancillary facilities

79. Mr YIU Si-wing sought details on the provision of ancillary facilities for visitors, such as transport facilities, parking spaces for coach buses, kiosks and souvenir shops. D of ArchS said that loading/unloading bays/areas for vehicles would be provided at a proposed road about 100 m away from the Preservation Corridor. The public could also make use of the private parking facilities in the future commercial premises of the Comprehensive Development Area adjacent to LTSB.

80. AD(LS)1 advised that the open space of the Preservation Corridor would be used mainly for public enjoyment of the heritage. Members of the public could also visit the eateries at the commercial premises at the north and both sides of the heritage site. There would be stores along the underground passage connecting with the Preservation Corridor.

Management and maintenance

81. Mr YIU Si-wing enquired about the annual expenditure of \$14.45 million for the future maintenance of the heritage site, and the department in charge. Mr Vincent CHENG asked whether public promotion of heritage sites was the responsibility of the Antiquities and Monuments Office ("AMO").

82. AD(LS)1 said that LCSD would be responsible for the maintenance of the Preservation Corridor. The recurrent cost would cover staff, management and maintenance costs, including the provision of services such as cleansing and security. C for H, DEVB said that the Commissioner for

Heritage's Office and AMO would collaborate with LCSD regarding the provision of interpretation facilities and cultural education of the Preservation Corridor, as well as the maintenance, promotion and publicity of the heritage site.

The pedestrian subway

83. Mr LUK Chung-hung noted that a pedestrian subway under construction at Prince Edward Road East would link the Preservation Corridor with the Kowloon Walled City Park through a landscaped walkway. He said that some members of the public took the view that the said pedestrian subway should be widened. D of ArchS advised that CEDD had commenced the construction of the pedestrian subway and it was technically infeasible to widen the subway at this stage.

Revitalizing the heritage site

84. Mr Tony TSE supported the conservation project but considered the revitalization of heritage a more challenging task. Sharing similar views, Mr Vincent CHENG suggested that the development of the heritage site and other development projects in its vicinity should be taken forward in a holistic manner to achieve synergy.

85. C for H, DEVB said that:

- (a) the connectivity between the Preservation Corridor and other nearby cultural heritage resources, such as the remnants related to the Kowloon Walled City within the Kowloon Walled City Park, and the Hau Wong Temple would be improved;
- (b) residents of the new development by the Housing Society to be completed in 2026 not only could enjoy the facilities in the Preservation Corridor which was in its vicinity, but also could access the old side of the district through the walkway inside the Preservation Corridor and subway under Prince Edward Road East; and
- (c) developments surrounding the heritage site, including the Station Square, the housing development by the Hong Kong Housing Society and the nearby Comprehensive Development Areas would all have to comply with the requirements in relation to the design of the Preservation Corridor and the LTSB remnants as stipulated in the relevant provisions of the land lease for compliance by the developers concerned.

86. The meeting ended at 6:33 pm.

Legislative Council Secretariat
12 October 2021