

LCQ2: Monitoring publicly-funded commercial projects

Following is a question by the Hon Paul Tse and a reply by the Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, in the Legislative Council today (February 21):

Question:

There are views pointing out that the Government has repeatedly refused the monitoring of publicly-funded commercial projects by this Council on grounds of commercial secrets, and has even used such grounds to rationalise the negligence in vetting and approving such projects. Taking the exhibition match in which a famous football champion participated early this month as an example, on the grounds that sensitive commercial information was involved, the Government awarded a sponsorship of \$16 million without requesting the organiser to provide its contract with the football club concerned. Also on grounds of commercial secrets, the Government had refused to disclose the agreement between the Government and the operator of the Cruise Terminal, information such as the interest rate of the \$5.4 billion loan made to the Ocean Park Corporation under an agreement, and the details of the agreement made with The Walt Disney Company in respect of the Hong Kong Disneyland Resort. In this connection, will the Government inform this Council:

(1) whether it has reviewed if the Government's failure to request the organiser to provide its contract with the football club in respect of the aforesaid exhibition match has resulted in the Government "tying its own hands" in that it awarded a sponsorship fee of \$16 million for the "M" Mark event without fully discharging its responsibility for exercising due diligence;

(2) as there are views pointing out that the aforesaid projects involve significant public interest and a huge amount of public money, whether it has assessed if the Government's practice of refusing to disclose the relevant information is appropriate and will undermine the transparency of public expenditure and this Council's monitoring power; and

(3) whether it will, by drawing reference from the experience of the aforesaid exhibition match involving the football champion, make public as far as possible the contracts between the Government and the developers in respect of projects involving public-private-partnership or enormous public expenditure, such as the Northern Metropolis and the Kau Yi Chau Artificial Islands, or even, by making reference to the two power companies' current practice of submitting to this Council documents involving commercial confidences, allow Members of this Council to peruse such documents in confidence, so as to enhance the transparency in the use of public money and the strength of public monitoring?

Reply:

President,

The Government has always been proactively facilitating the work of the Legislative Council (LegCo) and providing sufficient information to address Members' questions. That being said, the role of the Government is not only a regulator but also a promoter and facilitator. Government officials of the Hong Kong Special Administrative Region are target-oriented and have the will, the competence and the ability to deliver the targeted results. Hence, our work goes far beyond a regulator. When carrying out the work on culture, sports and tourism development, the Culture, Sports and Tourism Bureau (CSTB) focuses on promotion and facilitation. As far as the mega events on culture, sports and tourism fronts are concerned, we attach great importance to motivating the community during the facilitation process. Collaboration between the Government and the community including the business sector is also of paramount importance, as it will not only create synergies to enhance the effectiveness of the relevant projects, but also drive the development of related industries and even the economy. While we have to respect and balance the operating models of private entities and the operational relationships amongst themselves, we must also ensure their compliance with laws and regulations. When public money is involved, we should perform the gate-keeping duties with our best endeavour and make no compromise.

If we need to submit funding applications for certain projects to the Finance Committee (FC) of LegCo, we will follow the established procedures to set out the key features and financial arrangements of the projects, justifications for the use of public money and other relevant information to facilitate Members' consideration and approval. Depending on the circumstances and actual needs, we will also brief the respective LegCo panels as and when appropriate with a view to ensuring transparency. When commercial information is involved, the Government will have to balance various factors including policy and legal considerations, contractual obligations, as well as the public's right to know, in deciding whether and how such information should be disclosed. The Government's decisions will be guided by public interest.

In consultation with the Development Bureau and the Financial Services and the Treasury Bureau, our consolidated reply to the questions raised by the Hon Paul Tse is set out as follows:

(1) & (2) The "M" Mark System for major sports events was launched in 2004 to, through the provision of matching fund and direct grant, support the hosting of major international sports events in Hong Kong, enhance the culture of sports event sponsorship among enterprises as well as the scale and performance level of the events, thereby further promoting sports development in Hong Kong.

Regarding the football exhibition match mentioned in the question, the vetting criteria for granting the "M" Mark status include participating player line-up/team strength, financial viability, effect in driving the

economy, media coverage and marketing plan, community appeal and social benefits, contribution to sports development, as well as the ability, technical expertise and administrative competence of the organiser.

Under the signed terms and conditions of the agreement, the organiser had undertaken to stage the event as stated in the proposal submitted during the application process and to submit an evaluation report as well as an audited statement of accounts to the CSTB after completion of the event. The CSTB will then conduct checks (including on-site inspection), monitor and evaluate the event before determining the final amount of the grant, with a view to safeguarding public money. The organiser of that particular football exhibition match had withdrawn its application, and ultimately public money from the "M" Mark System for major sports events was not disbursed.

The CSTB and the Major Sports Events Committee are currently consolidating experiences gained from the case and other applications, including reviewing the approval and monitoring mechanism of the "M" Mark System, with the aim of enhancing the System and promoting the staging of more major international sports events in Hong Kong, thereby enhancing Hong Kong's position as a centre for mega international sports events.

The Kai Tak Cruise Terminal (KTCT) was constructed by way of public works under funding approved by the FC, and was leased to a private operator afterwards in 2012 vide an open tender. The operator has to operate on a commercial and self-financing basis and to pay rents to the Government. No government subsidy was given to the operator. The Tourism Commission briefed the LegCo Panel on Economic and Development the key terms of KTCT's leasing arrangements before the open tender, and subsequently provided the LegCo with information including the income source of and rental arrangements with the operator.

The Ocean Park Corporation (OPC) manages the Ocean Park based on the Ocean Park Corporation Ordinance (Cap. 388) (the Ordinance), and has been, in accordance with the Ordinance, submitting annual report to the LegCo every year, which includes detailed work report, financial statements and auditor's report of the year. As for the loan agreements between the Government and the OPC mentioned in the question, they refer to the Government loans provided to the OPC in 2006 and 2014 to support its Redevelopment Plans and the Tai Shue Wan Development Project respectively. The Government had then disclosed to the FC comprehensive information including the loans amount, related interest, date of borrowing and repayment. In 2020 and 2021, the FC's approval was secured respectively for revising the terms of the two loans, providing the OPC with the financial capacity to implement its future strategy and achieve financial sustainability.

Hong Kong Disneyland Resort (the Resort) is an important tourism infrastructure jointly invested by the Government and The Walt Disney Company (TWDC). The Resort has reported the key operating and financial results to the LegCo Panel on Economic and Development on an annual basis since fiscal year 2008. Also, when the Government submitted funding applications to the FC on development and expansion of the Resort in the past, the Government also

clearly set out the investment details, including shareholding and loan arrangements agreed between the Government and TWDC.

(3) The Government has always been open and transparent regarding information on land development projects. For example, in handling in-situ land exchange applications in New Development Areas in the Northern Metropolis under the "Enhanced Conventional New Town Approach", the Government would announce information of designated sites open for application as well as application requirements and criteria, and publish the relevant information of approved applications including site area and land premium. When the Government disposes sites through open tender, it would publish the tender documents, and information on successful tenderers and tendered amount.

Separately, in order to take forward the development of the Northern Metropolis and Kau Yi Chau Artificial Islands, the Government is examining diverse and flexible implementation approaches. However, even if in the end the Government adopts approaches other than open tender such as direct land grant, we will uphold the principles of openness and transparency by explaining the considerations behind and disclosing the specific requirements contained in the land leases and other relevant documents as well as the land premium received.

â€‹Thank you, President.