

## **Impact of Hong Kong Disneyland on Government Budget**

Government will incur a total of \$22.45 billion in capital works expenditure, loans and equity injection to the Disney project.

This includes –

- \$3.25 billion equity,
- \$5.6 billion loan to the project company, and
- \$13.6 billion in land formation and infrastructure costs.

2. The equity and loan expenditure will spread over a period of six years. The cash flow requirements for the period within the current Medium Range Forecast (MRF) (that covering 1999–2000 to 2002–03 as published together with the 1999 Budget Speech) are: \$2.4 billion for loan, \$1.4 billion for equity. Both the equity and the loan will be funded from the Capital Investment Fund.

3. In our Medium Range Forecast announced in March this year, we have allowed for total equity injection from the Capital Investment Fund for the four years from 1999–2000 to 2002–03 to be \$31.9 billion. Included in this figure are \$8.5 billion for the KCRC West Rail Phase I project. The remaining \$23.4 billion are for other projects to be identified and further assessed, which include other priority new railway developments such as an equity injection of \$8.5 billion into the KCRC for the Ma On Shan / Tai Wai Link and Hung Hom / Tsim Sha Tsui Link. The Hong Kong Disneyland requirement of \$1.4 billion for the period 1999–00 to 2002–03 is well within budget.

4. The \$13.6 billion expenditure for land formation and infrastructure costs will spread over a period of 10 years. Of this amount, less than half is intended to be spent in the period up to 2003–04. In the Medium Range Forecast, we have budgeted for a total Public Works Programme expenditure from 1999–2000 to 2002–03 of \$129.4 billion. This expenditure forecast included the Penny’s Bay reclamation (with an original rough order of cost estimated at \$5.9 billion). There is sufficient provision within the \$129.4 billion worth of planned capital works expenditure to meet the cash flow requirement of Hong Kong Disneyland project for the period 1999–2000 to 2002–03.

Finance Bureau

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