

For information
31 March 2003

Legislative Council Panel on Economic Services
Progress Update on Hong Kong Disneyland (HKD)

Purpose

This paper gives an update on the progress of the HKD project.

Background

2. In December 1999, we entered into an agreement with The Walt Disney Company (WD) to build HKD (Phase 1) at Penny's Bay. A joint venture company, the Hong Kong International Theme Parks Limited (HKITP), was set up for this purpose. The project has progressed well and is on schedule. Target opening date is 2005.
3. This is the fifth progress report to the Panel.

Government Works

4. Phase 1 of the HKD project has been progressing well and is on schedule, as detailed in paragraphs 5-11 below.

(A) *Penny's Bay Reclamation (Stage 1)*

5. We completed the reclamation works in December 2002, one month ahead of schedule. The photograph at Annex shows the reclamation as completed. The theme park site was handed over to HKITP for the construction of HKD and a groundbreaking ceremony was held on 12 January 2003.

Note 1 These discussions were held on 20 March and 29 July 2002.

Note 2 We met with Environmental Affairs Panel on 12 March, 19 March, 10 April and 19 April 2002. Another meeting was held with Planning, Lands and Works Panel on 12 April 2002.

(B) Infrastructure works

6. Infrastructure Contract 1 started in October 2001. At a contract sum of about \$2 billion, it mainly comprises road works, drainage, sewerage and landscape works. The contract is about 46% finished, as scheduled. Target completion date is April 2005.

7. The Finance Committee approved funding for Infrastructure Contract 2 in May 2002. The Contract covers decommissioning of the former Cheoy Lee Shipyard (CLS), related remediation and clean-up works, site formation, construction of roads and vehicular bridges, and associated drainage and sewerage works. It also provides for an arboretum and a tree farm. The contract was awarded in August 2002 at the cost of about \$1.4 billion. Works has progressed well, and is scheduled for completion in August 2005.

8. As regards the progress of the CLS decommissioning, on-site treatment of contaminated soil has commenced and will be completed in May 2003. Off-site treatment of dioxin-contaminated soil will start in mid-2003 for completion in August 2005.

9. We also awarded Infrastructure Contract 3 at a sum of about \$170 million in December 2002. The Contract provides for the construction of public piers at Penny's Bay. Work is on schedule for completion in September 2004.

10. Three more works contracts will be awarded by mid-2004. Two will be for the construction of a public transport interchange and a central pedestrian walkway at Penny's Bay. We have entrusted the works to HKITP. The remaining contract is required for the construction of a public transport interchange at Yam O.

(C) Penny's Bay Rail Link

11. The Government and the MTR Corporation Limited entered into a Project Agreement on the Penny's Bay Rail Link from Yam O to Penny's Bay in July 2002. Construction works started in the same month. The project is on schedule and is planned for completion in July 2005.

HKITP Businesses

12. Over the past year, HKITP has been working on the theme park preliminary designs, with the support of local architectural and design firms. On 12 January 2003, HKITP celebrated the groundbreaking of HKD.

13. So far, HKITP has awarded over 10 works and related contracts. It has also awarded about 100 consultancy and related contracts. Major contracts awarded include –

- Theme Park Infrastructure (utilities and related works);
- Hotel Infrastructure and Foundations (utilities and foundations);
- Early Landscape Works (irrigation and landscape works); and
- Site Office building work.

14. On the operational front, HKITP has been actively recruiting local professionals for key management positions in fields such as legal services, marketing, sales and human resources management. Hiring of operational Disney Cast Members will start in 2004. The Company continues its market research work through different focus groups and has begun discussion with local companies for potential operating participants and service provision opportunities. They include, for example, retail shops, restaurants, warehousing and laundry services.

Employment Opportunities during Construction Period

15. The Government Works and Company Works have provided many job opportunities. The Government Works has so far made available over 4 000 employment opportunities (or about 10 000 man-years).

16. From now to mid-2004, four more Government Works contracts will be awarded, estimated to provide another 590 job opportunities (or 1 570 man-years).

17. HKITP now has 120 full-time staff. In addition, the Company Works (including both consultancy and construction) has provided approximately 900 job opportunities.

Tourism Commission
Economic Development and Labour Bureau
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Annex
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