

**For information on
28 June 2004**

**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 (Phase 1) project.

Background

2. In December 1999, Government entered into an agreement with The Walt Disney Company to build HKD (Phase 1) at Penny's Bay. A joint venture company, the Hongkong International Theme Parks Limited (HKITP), has been set up for this purpose. The project is progressing well. It is on schedule and within budget. Judging from the progress achieved so far, it is expected that the theme park will likely be opened by end-2005.

3. This is the seventh progress report. The last one was made in November 2003.

Government Works

4. The reclamation works were completed in December 2002. All other infrastructure works are on schedule and within budget, as detailed in paras 5 – 11 below.

5. Infrastructure Contract 1 started in October 2001 and is scheduled for completion in April 2005. It covers road works, drainage, sewerage, landscape works and a water recreation centre. Overall, it is progressing well. As at end of May, 80% has been completed as scheduled.

6. Infrastructure Contract 2 comprises mainly the decommissioning of the former Cheoy Lee Shipyard (CLS), site formation, roads, vehicular bridges, as well as associated drainage and sewerage works. It also covers

an arboretum and a tree farm. Works have started in August 2002 and are scheduled for completion in August 2005. As at end of May, 75% of the works has been completed as programmed.

7. As regards the CLS decommissioning, on-site treatment of contaminated soil was completed in May 2003. Off-site treatment of dioxin-contaminated soil started in July 2003 and is planned for completion in August 2005.

8. Infrastructure Contract 3, which started in December 2002, is for the construction of public piers at Penny's Bay. The target completion date is September 2004. So far, 65% of the works has been completed as scheduled.

9. Construction of a public transport interchange and a central pedestrian walkway at Penny's Bay commenced in August 2003. The works are in good progress and are scheduled for completion in April 2005. We have entrusted the works to HKITP.

10. One more contract will be awarded by end-June this year, for the construction of a public transport interchange at Sunny Bay (formerly known as Yam O). The target completion date is April 2005.

11. The total sum of works and consultancy contracts awarded is \$9.441 billion. This is approximately 77% of the estimated contract prices of \$12.244 billion.

Penny's Bay Rail Link

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

HKITP Businesses

13. HKITP has been operating smoothly and within budget in constructing the theme park and in making preparation for its opening. Groundbreaking for construction of the theme park took place in January 2003. Since then, construction has been making good progress and is on

schedule. HKITP has awarded all the 16 major construction contracts. The tender prices are overall within budget. Major contracts awarded include foundation works and building construction for the various parts of the theme park and its associated hotels.

14. Separately, HKITP has awarded about 100 consultancy and related contracts. Likewise, the overall tender prices are within the original estimates.

15. On the operation front, HKITP has started discussion with the Hong Kong Tourism Board and the travel industries in Hong Kong, Mainland and neighbouring destinations on the best ways for promoting and marketing Hong Kong Disneyland. The company has also formed its own industry advisory panel to help design products and packages that will appeal to its target customers.

16. HKITP is also identifying business partners for services/products such as retail and dining. In addition, HKITP is working with various service providers required to support the operation of the theme park. This covers for example telecommunications, warehousing and laundry services.

17. HKITP's recruitment of local professionals for key management posts will continue. In the coming year, key target areas for recruitment will be information technology, sales and marketing, engineering and horticulture.

Employment Opportunities

18. The Government Works have so far made available over 5 700 employment opportunities. When the remaining Government's contract is awarded in end-June for the construction of the public transport interchange at Sunny Bay, it will provide approximately another 110 jobs.

19. HKITP currently has about 400 full-time staff in Hong Kong. The number is expected to increase by about 900 in the coming year or so. The Company Works have separately provided approximately 3 400 jobs. It is expected that the number will rise up to 4 000 during the construction peak in 2004-05.

20. Separately, HKITP will start large-scale recruitment of operational staff for the theme park in the latter half of 2005. A total of about 5 000 staff will be needed on opening of the theme park.

21. HKITP will provide intensive training to its staff for about two to three months before opening, to ensure that they will acquire all the necessary knowledge and skills for the smooth operation of the theme park. The broad categories of the theme park staff include executives, guest service managers and frontline operating staff. The training programme will be designed to cater for their respective job requirements. Overall, it will cover for example general management, guest services, operation requirements, safety management and leadership development. The training will also enable its staff to be familiar with Disney's stories and characters, as well as service culture and standards. There will also be training programmes arranged for on-site staff members of business partners and service providers of HKITP.

Operational readiness

22. To ensure operational readiness of the theme park for its timely opening, Government has set up a Disneyland Readiness Committee to monitor progress and coordinate interfaces of the work of various stakeholders preparing for the opening. Such work includes transport, PR and promotion, emergency response, as well as opening arrangements and events.

Tourism Commission
Economic Development and Labour Bureau
June 2004