

**For information on
16 March 2005**

**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. The theme park is targeted to be opened on 12 September 2005.

3. This is the ninth progress report. The last one was made in November 2004.

Government Works

4. The reclamation works were completed in December 2002. All other infrastructure works are on schedule and within budget, as detailed in paragraphs 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 January this year, 93% 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 started in August 2002 and are scheduled for completion in July 2005. As at end of January 2005, 97% 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 by April 2005.

8. Infrastructure Contract 3, started in December 2002, is for the construction of public piers at Penny's Bay. Works were substantially completed in January 2005 as scheduled.

9. Construction of a public transport interchange at Sunny Bay (formerly known as Yam O) started in June 2004. Works are on track for completion in April 2005. As at end of January this year, 58% of the works has been completed as programmed.

10. Construction of a public transport interchange and a central pedestrian walkway at Penny's Bay commenced in August 2003. As at end of January this year, 85% of the works has been completed. The works are on schedule for completion in April 2005. We have entrusted the works to HKITP.

11. The total sum of Government works and consultancy contracts awarded is about \$9.5 billion, approximately 77% of the estimated contract price of \$12.3 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. Construction of the theme park and related works is in good progress. All major construction and consultancy contracts have been awarded and works are well underway. The tender prices are within the overall project budget.

14. On the operation front, HKITP continues to actively engage the travel trade in Hong Kong, the Mainland and neighbouring destinations. HKITP works closely with its business partners and the Hong Kong Tourism Board on various initiatives to promote family tourism and generate strong interest to visit HKD. These include overseas consumer road shows and trade shows in all key markets.

15. HKITP continues to identify 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, warehousing, cleaning and laundry services.

16. The HKD Hotel Reservation Hotline was launched on 15 February 2005 to receive bookings of HKD vacation packages which include a stay at either one of the two Disney-themed hotels and theme park tickets. The Hotline has received very positive response.

17. HKITP has completed the recruitment of local professionals for key management positions. In the coming months, recruitment efforts will be focused on entertainment cast and frontline staff for park operations.

Employment Opportunities

18. The Government Works have made available about 5 900 employment opportunities.

19. HKITP currently has about 900 full-time staff in Hong Kong. A total workforce of about 5 000 is required on opening. Separately, the Company Works are providing approximately 5 000 jobs. A large-scale recruitment campaign for frontline operational staff will commence in April/May 2005.

20. HKITP has successfully recruited over 500 Cultural Representatives who departed Hong Kong in January 2005 for Walt Disney World in Florida, USA to receive on-the-job training in various frontline roles. Upon successful completion of the programme and return to Hong Kong in May/June 2005, they will be offered permanent positions at HKD.

Preparation for the Opening

21. Government set up a Disneyland Readiness Committee in May 2004 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. Work has been progressing well on all fronts.

22. To ensure smooth operation of the theme park when it is opened, there will be a comprehensive testing and adjustment period, lasting about a month before opening, for the theme park and all supporting facilities.

Prohibited Anchorage Area (PAA) and Air Intrusion Limitation Zone (AILZ)

23. Following discussion at this Panel on 28 February 2000 (vide LC Paper No. CB(1)1054/99-00(05) and LC Paper No. CB(1)1054/99-00(04)), the Legislative Council passed in June 2000 the Shipping and Port Control (Amendment) (No. 3) Regulation 2000 (Annex A) and the Air Navigation (Flight Prohibition) Order (Annex B) to establish the PAA and AILZ respectively. The two pieces of subsidiary legislation have expressly provided that the PAA and AILZ shall come into effect on a date to be appointed later. As previously explained to this Panel, the idea was to determine the most appropriate commencement date nearer the time having regard to the progress of the HKD project. Now that the HKD is due to open on 12 September 2005, we consider it appropriate to appoint the commencement date of the PAA and AILZ to be 16 August 2005, about one month before park opening. This will tie in well with the comprehensive testing and adjustment period as mentioned in paragraph 22 above. We plan to table the commencement notices before the Legislative Council on 6 April 2005.

24. During the proposal stage before the passage of the subsidiary legislation, the relevant trade and advisory committees (i.e. the Port Operations Committee, the Pilotage Advisory Committee, the Provisional Local Vessels Advisory Committee, the Aviation Advisory Board and the relevant fishermen's associations) were consulted and they all supported the establishment of the PAA and AILZ.

25. The presence of HKD and the public pier nearby is expected to attract a large number of pleasure vessels throughout the day. The purpose of the PAA is to ensure safety and effective control of marine traffic in a specified area adjacent to HKD through prohibiting vessels from anchoring within the area. The PAA will not encroach upon any existing anchorage areas. Its location is shown at Annex C. All vessels will be allowed to pass through the PAA at all times. Fishing vessels will be allowed to fish within the PAA, as long as they do not anchor therein.

26. It is also necessary from a safety point of view to regulate flights at a low altitude over the HKD where large numbers of visitors are expected. The AILZ serves this purpose through prohibition of flying within the zone. Its location map is at Annex D. The AILZ is also necessary to ensure that visitors at HKD would not be subjected to noise and visual disturbances caused by low-flying aircrafts. It should however be noted that the AILZ would not affect normal airline operations since none of the nominal flight paths to/from the Hong Kong International Airport is within the AILZ. It should also be noted that the prohibition will not apply to flying activities at or above an altitude of 4 000 feet above mean sea level (AMSL). This height restriction is set primarily to restrict flying activities of aircrafts like light aircrafts and helicopters which seldom fly at or above this altitude.

Tourism Commission
Economic Development and Labour Bureau
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