

**立法會**  
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**Panel on Economic Development**  
**meeting on 25 March 2013**

**Background brief on**  
**Ocean Park's Tai Shue Wan Development Project**

**Purpose**

This paper provides background information on the Ocean Park and summarizes views and concerns expressed by Members on the Park's redevelopment projects and related issues.

**Background**

Establishment of the Ocean Park

2. The Ocean Park was officially opened to the public in 1977. It was built at a cost of \$150 million funded by the Hong Kong Jockey Club (HKJC) with land provided by the Government at nominal premium. Between 1982 and 1984, HKJC allocated a further \$240 million to fund the Park's second phase of development. From 1 July 1987, the Ocean Park ceased to be a subsidiary of HKJC and had since been managed by a non-profit-making body, the Ocean Park Corporation (OPC) incorporated under section 3(1) of the OPC Ordinance (Cap. 388) with the Board of OPC as the governing and executive body. The Ocean Park is the winner of the 2012 Applause Award, the first-ever Asian attraction to be recognised as the best theme park in the world.

Redevelopment plans of the Ocean Park

3. In May 2002, an inter-departmental "Task Force on Redevelopment of the Ocean Park and Tourist Attractions in Aberdeen" chaired by the Financial Secretary was set up to oversee the development of the Ocean Park and the Aberdeen tourism node. In June 2003, a development group, led by the Chairman of OPC, was formed under the Task Force. In February 2005, the

development group submitted the Redevelopment Plans for the Ocean Park, estimated to cost \$5.55 billion, to the Task Force for consideration. Under the Plans, the Ocean Park would be redeveloped into a world-class marine themed attraction, featuring more than 70 attractions to be delivered in eight phases from 2007 to 2013.

4. The Government had proposed to support OPC for 50% of the total project cost, i.e. \$2,775 million, half of which (\$1,387.5 million) would be a commercial loan guaranteed by the Government. OPC would procure another commercial loan of \$2,775 million with no recourse to the Government to cover the other half of the project cost. In other words, 75% of the project cost were covered by commercial loans, and OPC was able to secure them with 25 banks. The Redevelopment Plans were based on an estimation that with the redevelopment, the number of visitors to the Ocean Park would increase from 3.4 million in 2007-2008 to over 5 million by 2010-2011 and over 7 million by 2021-2022. OPC had anticipated that there should be sufficient cash from operating income to repay all the loans and the earliest repayment date would be 2021.

#### Attendance

5. The visitor figures of the Ocean Park in recent years are as follows:

Year	Attendance (in million)	% change
2005-06	4.38	+8.70%
2006-07	4.92	+12.30%
2007-08	5.03	+2.20%
2008-09	4.8	-4.60%
2009-10	5.1	+6.20%
2010-11	5.9	+15.70%
2011-12	7.1	+20%

#### **Panel's previous discussions**

6. The Panel on Economic Services<sup>1</sup> (the Panel) generally supported the Redevelopment Plans when briefed on the funding arrangements to finance the Plans at the meeting on 27 June 2005. In response to some members' concern about the impact on the future ticket prices, OPC indicated that there would be a need to increase the ticket prices but these would be lower than that for the Hong Kong Disneyland (HKD).

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<sup>1</sup> The Panel on Economic Services was renamed as the Panel on Economic Development from the 2007-2008 session.

7. When the Panel further discussed the issue on 28 November 2005, some members expressed concern that OPC would be unable to repay the loans as scheduled if its annual attendance fell below the target. OPC responded that even in the worst case in which the annual attendance fell short of the original target by 13% due to unforeseen circumstances, OPC would still be able to fully repay all loans by the 22<sup>nd</sup> year.

8. At the meeting of the Finance Committee on 16 December 2005 when funding approval was sought for the creation of a loan<sup>2</sup> for implementing the Redevelopment Plans, Members expressed concern about the financial outlay of the Park if the patronage and revenue fell below the estimates. The Administration advised that under such a scenario, the loan repayment period would be extended. In response to the suggestion from Members that OPC should grant more concessions to the underprivileged, OPC pointed out that while it would need to operate on prudent financial principles to ensure repayment of the loans, it would continue to find ways to subsidize the underprivileged.

9. The Panel received updates on the progress of the Redevelopment Plans on 18 July 2007. Some members considered the projected visitor numbers to the Park conservative. OPC advised that the Park had been designed with a daily capacity of 35 000 visitors and it usually received 10 000 to 15 000 visitors per day. Besides, the projected patronage to the Park after re-development had discounted the effect of the South Island Line and the hotels within the Park which would be bonus bringing additional economic benefits to the Park.

10. During the discussions at the above Panel meetings, members urged the Ocean Park to explore collaboration with HKD, such as offering concessionary admission tickets for those who visited both theme parks, launching joint annual pass and enhancing joint promotion.

11. When the Panel on Economic Development discussed the Ocean Park's proposal to increase its ticket prices at the meeting on 23 July 2009, members expressed concern about the frequent adjustment of ticket prices for the Park, and a possible drop in attendance as a result of the upward adjustment. Members passed a motion at the meeting to request the OPC to "immediately withdraw the decision to increase ticket prices", and "the Government should discuss with the OPC the related financial arrangement and assist the OPC in dealing with its financial difficulties". Members also

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<sup>2</sup> A loan for the Ocean Park Redevelopment Plans under Head 274 Tourism of the Loan Fund was approved at the Finance Committee meeting on 16 December 2005 for the provision of a \$1,387.5 million subordinated loan to the Ocean Park Corporation, together with the guarantee by the Government of a \$1,387.5 million commercial loan of the Ocean Park Corporation and interest of not exceeding \$700 million arising therefrom for the Corporation to proceed with the Redevelopment Plans.

enquired about the justification for charging OPC the fixed interest rate of 5% per annum for the Government loan for the redevelopment plans for a period of 25 years. The Administration advised that the OPC needed to plan ahead and accumulate sufficient funds to meet its upcoming financial obligations arising from the repayment of loans for the redevelopment projects, as well as rising operating expenses due to a substantial increase in the number of attractions. Hence it had to implement the ticket price adjustments. The Administration also explained that the interest rate of the Government loan for the redevelopment projects, fixed and accrued at 5% per annum with repayment commencing in 2021, was to enable OPC to have stable cashflow throughout the 25-year loan period.

### **Latest developments**

12. In his speech for the 2013-2014 Budget, the Financial Secretary announced that in order to further enhance its facilities, the Ocean Park would build an all-weather Water World at Tai Shue Wan and that the Government would offer a \$2.3 billion loan to the Ocean Park to spur early commencement of the project. The Administration will brief the Panel on Economic Development on the Tai Shue Wan project at its meeting on 25 March 2013.

### **References**

13. The relevant papers are available at the following links:

Background Brief on the Ocean Park's ticket prices dated 21 July 2009  
<http://www.legco.gov.hk/yr08-09/english/panels/edev/papers/edev0723cb1-2314-2-e.pdf>

Minutes of meeting of Panel of Economic Development on 23 July 2009  
<http://www.legco.gov.hk/yr08-09/english/panels/edev/minutes/edev20090723.pdf>

The Ocean Park's Annual Report 2011-2012  
[http://www.oceanpark.com.hk/doc/common/footer/ar/ophk\\_ar11-12.pdf](http://www.oceanpark.com.hk/doc/common/footer/ar/ophk_ar11-12.pdf)

The Administration's response to the motion passed and issues raised at the Panel meeting on 23 July 2009 (LC Paper No. CB(1)2504/08-09(01))  
<http://www.legco.gov.hk/yr08-09/english/panels/edev/papers/edev0723cb1-2504-1-e.pdf>