LCQ11: Staff layoff by Hong Kong Disneyland
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Following is a question by the Hon Yiu Si-wing and a written reply by the Secretary for Commerce and Economic Development, Mr Gregory So, in the Legislative Council today (June 8):

Question:

In 1999, the Government and the Walt Disney Company (WDC) formed a joint-venture company, the Hong Kong International Theme Parks Limited, to build and operate Hong Kong Disneyland (HKD). HKD laid off some of its staff in April this year, and the layoff has aroused public concern as it was the first time ever since its opening in 2005. It is learnt that the layoff involved nearly a hundred employees and the reason for laying them off was associated with the poor business performance of HKD. According to the Government's assessment in 1999, HKD would provide Hong Kong with a net economic benefit of $148 billion in a period of 40 years, and the number of employment opportunities to be created directly and indirectly would be about 18 400 in the first year of its operation, with that number rising to 35 800 within a 20-year period. However, the respective numbers of full-time and part-time employees of HKD in the 2015-2016 financial year were about 5 300 and 2 500 only, far below those projected in the aforesaid assessment. Some members of the public have pointed out that unlike other tourism projects, HKD is a project the construction of which was led and invested by the Government, with an aim to promote economic development and create employment opportunities, and the layoff indicates that changes have taken place in respect of WDC's direction of development in the Hong Kong market. In this connection, will the Government inform this Council:

(1) whether it knew about the layoff beforehand; if it did, of the Government's stance on the layoff; if not, whether the Government, being the majority shareholder of the joint-venture company holding 52 per cent of the shares, has looked into the reasons why it had not been notified of the layoff beforehand;

(2) whether it has assessed if the layoff is reflective of WDC's intention to scale back its investments in HKD, and whether the company has planned to shelve the Phase 2 development of HKD currently under planning; and

(3) given that Shanghai Disneyland will open on the 16th of this month and it has been reported that a craze for its admission tickets has been triggered off on the Mainland,

while HKD, on the contrary, is already 10 years in age and smaller in size, whether the Government knows what measures HKD has in place to tackle the challenges posed by Shanghai Disneyland, as well as its long-term development plan to maintain competitiveness and attractiveness?

Reply:

President,

The Hong Kong Disneyland Resort (HKDL) is an important tourism infrastructure which plays a crucial role in promoting the development of the tourism industry in Hong Kong. Since its opening in 2005, the HKDL has brought substantial economic benefits to Hong Kong. During the first 10 years of operation, the total value-added brought to Hong Kong by the HKDL amounted to $74.4 billion (at 2013 prices), equivalent to 0.38 per cent of Hong Kong's GDP. It created up to 195 500 job opportunities (in terms of man-years) directly and indirectly over the same period, and provided considerable jobs for frontline workers and the travel sector of Hong Kong.

Our reply to the three parts of the question is as follows:

(1) The Hong Kong Disneyland Management Limited (the management company) is responsible for the day-to-day management and operation of the HKDL (including arrangements on personnel matters). The management company has the responsibility to take corresponding measures to cope with business performance and operation needs. Details of these measures are decided by the management company.

The management company has informed the Government of these measures, including its plan for staff dismissal implemented in April this year. The management company has indicated to the Government that these measures would enhance the operational efficiency and cost-effectiveness of the HKDL, and that at the same time, the management company would, as always, maintain the quality of guest experience as a matter of its top priority.

(2) and (3) The Shanghai Disneyland (SHDL) will open this month, and its characteristics and market positioning are different from those of the HKDL. The two theme parks are located at different parts of China, and are targeting at different markets. The SHDL's main target is Mainland citizens while the HKDL's main source markets are from different places including visitors from Southeast Asia and other

international places, as well as the local community and Southern China. The main characteristic of the SHDL is its Chinese features, while the HKDL is more international and equipped with 10 years of operating experience as well as high quality of service. Furthermore, the two theme parks have their own distinctive facilities and entertainment offerings.

In view of the intensifying competition in the region, the HKDL will continue to develop innovative and distinctive elements. The HKDL has all along kept abreast of market movement and trends, including making full use of the popularity of newly released Disney films through the introduction of seasonal entertainment offerings and experiences in conjunction with themed food and beverage as well as merchandise in a flexible and timely manner, so as to enhance the attractiveness of the HKDL and draw more first time and repeated visitors. Riding on the popularity of "Frozen" and "Inside Out" films, the HKDL set up the "Frozen Village" and "Headquarters" of "Inside Out" in summer 2015, which were very well-received among visitors. The HKDL will launch new entertainment offerings named "Star Wars: Tomorrowland Takeover" on June 11 this year, bringing a series of "Star Wars"-themed experiences to visitors.

In addition, a new themed area based on Marvel's "Iron Man" franchise will open by the end of this year. The third hotel with a theme dedicated to the spirit of exploration will also be completed next year, and is one of the few Disney resort hotels in the region which is built by the seaside.

The further development of the HKDL is the shared vision of the joint venture's two shareholders, i.e. the Hong Kong Special Administrative Region Government and the Walt Disney Company. The two sides are currently in discussion on the future overall development of the HKDL. Both shareholders are carefully considering the relevant factors, with a view to drawing up a proposal which suits the medium- to long-term development of the HKDL. As the discussion is currently underway, there is no further information to be disclosed at this stage.

The HKDL is an important tourism facility of Hong Kong. As the majority shareholder of the HKDL, the Government will continue to monitor the developments and performance of the HKDL, and to press ahead expansion projects in order to enhance its attractiveness.

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