

LEGISLATIVE COUNCIL BRIEF

REDEVELOPMENT PLANS FOR THE OCEAN PARK

INTRODUCTION

At the meeting of the Executive Council on 25 October 2005, the Council ADVISED and the Acting Chief Executive ORDERED that the Redevelopment Plans for the Ocean Park (the Plans) be endorsed. The Council also noted the proposed related funding arrangement.

JUSTIFICATIONS

2. There is a need to redevelop the 28 year-old Ocean Park to enhance its statutory function as a public recreational and educational park, and to maintain its attractiveness to visitors. Local residents and overseas visitors have increasing expectation of the quality and the range of attractions of a recreational or entertainment facility. Furthermore, the Park has been facing increasing competition from theme parks and entertainment facilities opened throughout the region in recent years. The opening of Hong Kong Disneyland has also brought new challenges. According to Ocean Park, its visitor number is expected to drop from 4 million in 2004/05 to 3.1 million in 2006/07 following the opening of Disneyland. Whilst the Ocean Park Corporation (OPC) has made tremendous efforts to introduce new initiatives, attractions and special events within the Park on an ad hoc basis in order to maintain its patronage levels, many of the existing facilities were built in the 1970s and 1980s and can hardly compete with new theme parks or entertainment facilities. Without the Redevelopment Plans, Ocean Park cannot sustain a viable business in the long run.

3. The vision of OPC is to turn Ocean Park into a world-class marine themed attraction and complement Hong Kong Disneyland. It will enhance the status of Hong Kong as a premier destination for family visitors in the region, and generate significant economic benefits. According to the Government's assessment based on some broad assumptions, the redevelopment project is expected to bring about net quantifiable economic benefits of around \$23 to \$28 billion in present value terms over the first 20 years of its operation, and around \$40 to \$48 billion in the first 40 years. It will also act as a catalyst for urban regeneration of the Southern District and the development of the Aberdeen area as a tourism node.

Other Options

4. The alternative is to let Ocean Park continue with its present operation with ad hoc introduction of small-scale initiatives, attractions and events within the Park. We consider that under such circumstances, the Park may not be able to cope with the rising visitor aspirations and will very soon lose its attractiveness vis a vis regional competitors. As pointed out in paragraph 2 above, without the Plans, Ocean Park can hardly survive as a viable business in the long run.

The Plans

5. According to the Plans, "Ocean" and "Animal Encounter" will continue to be the key themes of the Park. The redeveloped Ocean Park will be divided into two major areas – the Waterfront (formerly the Lowland) and the Summit (formerly the Headland), featuring more than 70 distinctive attractions. It will have seven themed zones: Aqua City, Birds of Paradise, Whiskers Harbour, Marine World, the Rainforest, Thrill Mountain and Polar Adventure. A funicular system will be constructed. It will serve as an amusement park ride and will also provide in-park connection between the Waterfront and the Summit to complement the existing cable car system.

6. Under the Plans, construction works will be carried out in phases with Phase 1 targeted for completion by the end of 2008 and Phase 2 in 2010. The phased redevelopment programme will allow the Park to remain open during the construction period. The Plans are based on an estimation that with the redevelopment, visitors to Ocean Park will increase from 4 million in 2004/05 to over 5 million by 2010/11 and over 7 million by 2021/22. The redevelopment cost is estimated to be \$5.55 billion.

7. The Plans include a separate, standalone proposal to build three hotels. This is an optional item that has not been reflected in the estimated cost or estimated number of visitors. As the hotel development proposal will complicate, and hence delay the redevelopment of the Park, the Government's current assessment has focused only on the park redevelopment, leaving the hotel development to be considered separately at a later stage. A summary of the Plans, as provided by OPC, is attached at Annex A.

Government's Assessment of The Plans

8. We have carefully assessed the various aspects of the Plans. Our conclusion is that the Plans do not appear to have insurmountable problems in respect of the engineering, technical, planning, lands,

transport, environmental, financial or economic aspects. The key areas of consideration are highlighted below.

Lands and Planning Issues

9. According to OPC's Plans, the boundary of the Park will be extended to include the Government land now occupied by the driving school at Wong Chuk Hang and a public transport interchange of about 27 000 square metres so as to enable the development of an enhanced entry plaza. OPC has already submitted an application to the Town Planning Board (TPB) on 31 August 2005 for rezoning such area from "Government, Institution or Community" zone to "Other Specified Uses" annotated "Ocean Park". We consider that the extension of boundary is justified due to the following reasons:

- (a) there are limited areas of flat land within the existing boundary of Ocean Park for further development;
- (b) the extension is required for a three-storey structure to house an enhanced Entry Plaza, Public Transport Interchange and parking areas to cope with the increased patronage; and
- (c) with the extended area, works for the redevelopment can be carried out without affecting the operation of the Park which can remain open to the public during the whole period of the redevelopment.

10. The affected driving school site is now granted to the Hong Kong School of Motoring Limited (HKSM) on a Short Term Tenancy renewable at quarterly intervals. The site will need to be vacated to facilitate the implementation of the Plans. An alternative site has been identified at the Ap Lei Chau Industrial Area for setting up a new driving school. It will be disposed of by the Government through public tender prior to the closure of the Wong Chuk Hang Driving School. The Southern District Council supports the proposed alternative site.

11. Subject to TPB's approval of OPC's rezoning application, OPC would need to apply for the allocation of the land covering the extension area. A Private Treaty Grant will be prepared for the approval of the Executive Council in due course.

12. As regards the land within the existing boundary of Ocean Park, a parcel of the land of about 4 000 square metres is currently sublet by OPC to Citybus Limited (Citybus) for use as bus depot and for overnight bus parking. OPC will need to resume it for the redevelopment. As the bus servicing activities being conducted at the site is essential to the provision of efficient franchised bus services for Southern District, there is

a need to identify an alternative site within the district for relocating the facilities by late 2006.

Transport Issues

13. The Traffic Impact Assessment (TIA) conducted by OPC shows that the redevelopment will not create unacceptable adverse traffic impacts by 2011 when the second phase of redevelopment will be completed. While their assessment shows that there will be no significant impact to the local network until well after 2016, the situation with respect to the major road link, Aberdeen Tunnel, is expected to be less favourable without the MTR South Island Line East (SIL(E))¹. For the departing traffic through Aberdeen Tunnel during the evening peak, it is expected to be tolerable in 2011, but may lead to very slow trips by 2016. OPC's assessment is that the departing traffic through Aberdeen Tunnel will be at its peak capacity for much of the day by 2022.

14. Transport Department's assessment of the Plans is that the traffic capacity of the adjacent road network and major road links will not be significantly affected up to 2011 despite the estimated increase in visitor number using the Park. By 2016, without the SIL(E), northbound traffic through Aberdeen Tunnel will experience some traffic congestion and queuing during the evening peak hours. By 2022, without the SIL(E), the road network would be overloaded and some management measures by OPC would be required to avoid mass departure of visitors from the Park during the normal evening traffic rush hours. While the proposed SIL(E) would complement the redevelopment of Ocean Park by providing a convenient means of transportation to its visitors, and Ocean Park would in turn generate patronage to the SIL(E), the additional financial implications of the SIL(E) for the Government would need to be carefully considered.

15. Separately, MTRCL submitted a revised proposal on the South Island Line (SIL) to the Government in February 2005. The Environment, Transport and Works Bureau is examining the economic and transport performance, financial implications, impact on other public transport modes, the changing community needs and changes in the relevant planning parameters such as the Plans. The Government decided that the SIL should be kept under review and its way forward should be considered in the light of the results of the review on the planning of tourism and commercial development in the Southern District due to be completed by the end of 2005 and the Government's consideration of Ocean Park's Redevelopment Plans.

¹ The planned SIL (East) runs from Admiralty to South Horizons with three intermediate stations at Ocean Park, Wong Chuk Hang and Lei Tung.

Technical Issues

16. From the engineering and technical point of view, the proposed Plans are feasible subject to the approval of the Environmental Impact Assessment report and confirmation from detailed planning and design.

17. The geotechnical and fill management issues are the two major areas which should be carefully monitored since the Plans will involve extensive excavation works by blasting at the Headland area, and tunnelling works using drill and blast for the funicular system. The works will also require disposal of over one million cubic metres of rocks from excavation by barges via conveyor belt system. OPC has been requested to conduct a detailed geotechnical assessment and to liaise with the Fill Management Division of Civil Engineering and Development Department closely on fill management.

18. Apart from the construction works within Ocean Park, the Government considers it necessary to carry out complementary public works on sewerage upgrading to meet the demand of the redeveloped Ocean Park. Subject to further feasibility study, the total cost of such complementary works² is estimated to be about \$25 to \$38 million. The relevant departments consider it more appropriate to entrust such works to Ocean Park for integrated development with the redevelopment project. To tie in with the implementation programme of the Plans, we intend to seek the funding approval of the Finance Committee of the Legislative Council (FC) in mid 2006.

Legal Issues

19. As the hotel development proposal will be considered separately, legal advice is that the redevelopment of Ocean Park will not necessitate changes to the existing Ocean Park Corporation Ordinance (the Ordinance) on the basis that:

- (a) the Plans will not involve the sharing/distribution of profits with other parties; and
- (b) Ocean Park will continue to operate as a non-profit making organization with the same institutional arrangement, after the redevelopment of the Park.

20. Since the statutory functions of Ocean Park as stipulated in the Ordinance do not cover the development and operation of hotels, the Ordinance may be required to be amended at a later stage. We are now studying the hotel development proposals and the necessary amendments

² The works include the upgrading of the Sham Wan Road Sewerage Pumping Station and its associated sewers and a section of sewer at Wong Chuk Hang.

to the Ordinance. This will require separate approval of the Executive Council and should not affect the redevelopment of Ocean Park itself.

Economic Benefits

21. The economic impact assessment conducted by OPC indicates that the present value of cumulative economic impact of Ocean Park's redevelopment is \$133 billion in the first 40 years. The total number of jobs created is estimated to be in the range of 13 100 to 16 000 in 2021/22.

22. Based on some broad assumptions set out in the Plans, including estimated patronage and cost of the redevelopment project, the Government has conducted an economic assessment on the project. The assessment results indicate that the redevelopment project will bring about net additional quantifiable economic benefits of around \$23 to \$28 billion in present value terms over the first 20 years. Over 40 years, net additional quantifiable economic benefits will be roughly around \$40 to \$48 billion in present value terms. These broad estimates suggest that the redevelopment project should be economically viable. On employment creation, the redevelopment project will directly and indirectly generate around 2 600 to 4 000 additional full-time equivalent jobs in the Hong Kong economy upon the opening of Phase I in 2008/09, rising to around 11 300 to 12 800 in 2021/22.

Financial Viability and Funding Arrangement

23. OPC has estimated the cost of the redevelopment to be \$5.55 billion to be incurred over a six-year period. It estimates that there should be sufficient cash to repay all loans by 2017/18. The annual attendance and revenue projections after the completion of Phase 1 in 2008/09 are 4.2 million and \$1.3 billion respectively, and for Phase 2 in 2010/11, 5.05 million and \$2.1 billion respectively.

24. OPC has proposed to fund the \$5.55 billion redevelopment project by way of loans from Government and the commercial market as follows:

- (a) subordinated debt from Government of \$2.775 billion with a ten-year term and at a concessionary interest rate of 2% per annum;
- (b) term loan from the commercial market of \$2.275 billion with a four-year term and an interest rate of 2.5% over Hong Kong Interbank Offered Rate (HIBOR); and

(c) revolving credit facility from the commercial market of \$0.5 billion at 1.25% above HIBOR.

25. The Government, with the help of an independent financial adviser, has examined the financial aspect of the Plans. The financial adviser's view is that OPC's estimated project cost of \$5.55 billion is generally reasonable. There is no major omission or underestimation on capital cost estimates. The financial adviser has also critically examined the patronage and revenue projections and considers them to be reasonable. In conclusion, the financial adviser considers the Plans to be financially viable and sensitivity analysis shows that divergence from the projections would not affect the ability of OPC to repay the borrowings but could result in deferral in repayment of the borrowings. However, OPC may cope with this by appropriate responses. As regards the financing, the financial adviser has confirmed that OPC will unlikely be able to secure sufficient commercial loans without support in one form or another from the Government for at least 50% of the borrowing required. Such support can come in the form of a subordinated loan, a guarantee for the commercial loan, or a mix of both.

26. The financial adviser has suggested four options for the funding arrangement which are set out below:

- Option 1: Maximum Government Participation – a Loan of \$5.55 billion
- Option 2: Complete Risk Acceptance – Subordinated Loan of \$2.775 billion and guarantees for commercial loan of \$2.775 billion
- Option 3: Partial Risk Acceptance – Subordinated Loan and guarantees totaling \$2.775 billion
- Option 4: Minimum Government Participation – guarantees totaling \$2.775 billion

27. Options 1 and 2 would subject the Government to a 100% risk exposure on the total borrowing of OPC which is not considered appropriate, as the assessment of the financial adviser is that the commercial market is prepared to fund up to 50% of the total project cost. Funding from the commercial market will also provide an additional layer of due diligence on the redevelopment plan. For Options 3 and 4, the difference in cost will mainly depend on the terms of the subordinated Government loan, which will be subject to further negotiation between OPC and the Government.

28. In the light of the assessment by the financial adviser, the Government is prepared to support OPC by way of a guarantee and a subordinated loan up to half of the total project cost (i.e. Option 3, \$2.775 billion), of which 50% should be Government guaranteed commercial loan and 50% subordinated loan. In order to maximize the involvement of the

commercial market, we propose that 75% of the total project cost (\$4.1625 billion) should be sourced therefrom, with the remaining 25% (\$1.3875 billion) in the form of a subordinated government loan from the Loan Fund. However, in order to give support to the commercial loan, and ensure reasonably advantageous terms, it will be necessary for the Government to guarantee repayment of one third (i.e. 25% of the total project cost) thus sharing the loan risk exposure 50/50 with the commercial market. The detailed arrangements in respect of the Government's participation will be subject to further negotiation with OPC and approval by the FC. We intend to seek the approval of the FC for the funding arrangement in late 2005 or early 2006.

Financial Implications

29. The financial implications for the Government arising from the financial support required would be assessed at a later stage when we have drawn up the detailed terms of financing in conjunction with OPC. If our proposed package is accepted, we would have a total of \$2.775 billion risk exposure through the subordinated loan and partial commercial loan guarantee. The proposal has no recurrent financial implications for the Government. We will follow the established procedures to seek capital funding for the complementary public works, which are estimated to cost about \$25 to \$38 million, and the estimated annual recurrent cost is about \$0.2 million subject to final construction option.

Other Implications of the Proposal

30. The Plans also have civil service, environmental and sustainability implications as set out in Annex B. The Plans are in conformity with the Basic Law, including the provisions concerning human rights. It has no productivity implication.

PUBLIC CONSULTATION

31. The Tourism Strategy Group, the Southern District Council and the Legislative Council Panel on Economic Services have been consulted, and they are supportive of the Plans. The Southern District Council has also been consulted on the relocation of the driving school from Wong Chuk Hang to Ap Lei Chau. It supported the proposal. The Ap Lei Chau Area Committee has been briefed on the detailed arrangement of the relocation.

PUBLICITY

32. A press release will be issued and a spokesman will be available to handle media enquiries.

BACKGROUND

33. Ocean Park was officially opened to the public in 1977. Its construction was funded by the Hong Kong Jockey Club while the land it sits on was provided by Government at nominal premium. On 1 July 1987, Ocean Park ceased to be a subsidiary of the Hong Kong Jockey Club and became a non-profit-making body, OPC. OPC is a statutory body incorporated under the Ordinance. One of its major statutory functions is to manage Ocean Park as a public recreational and educational park.

34. On 21 May 1999, FC approved a commitment of \$500 million to provide a loan to OPC for its Lowland Redevelopment Project. However, the project was shelved subsequently pending the preparation of a comprehensive redevelopment for the whole park. OPC has not drawn down this approved loan. In May 2002, the Government set up an interdepartmental "Task Force on Redevelopment of Ocean Park and Tourist Attractions in Aberdeen" (the Task Force), chaired by the Financial Secretary, to oversee the planning for the future of the Park and the subsequent development of the Aberdeen tourism project. The Task Force set up a development group, led by the Chairman of the OPC Board, to take forward the preparation of a detailed proposal relating to the future development and operation of Ocean Park. In February 2005, the development group submitted the Plans to the Task Force for consideration.

ENQUIRIES

35. Enquiries may be directed to Miss Patricia So, Assistant Commissioner for Tourism, Economic Development and Labour Bureau on 2810 3137.

Economic Development and Labour Bureau
27 October 2005

EXECUTIVE SUMMARY

INTRODUCTION

Opened in 1977, Ocean Park has long been established as an iconic attraction visited by both local residents and tourists. To date it has entertained and educated a total of more than 70 million guests. As a result, Ocean Park has become part of the heritage of Hong Kong. However with the opening of Hong Kong Disneyland there is the need to upgrade many of the facilities at Ocean Park and generally to enhance and add to the visitor experience if the Park is to capitalise on the increased visitor numbers that Disneyland is expected to bring to Hong Kong. The intention, therefore, is to transform the 28-year old Park into ***the world's best marine themed attraction***. The New Ocean Park not only would complement Hong Kong Disneyland and provide a ***"must see"*** experience for any visitor to Hong Kong, but also continue to provide the people of Hong Kong with a ***world class entertainment experience*** with strong conservation and education appeal. It is, of course, important that this be achieved in a way, which is both commercially and financially sustainable, while bringing value to the community.

In June 2003 the Ocean Park Development Group was appointed by the Financial Secretary to oversee the preparation of a detailed proposal relating to the future development and operation of Ocean Park. The objectives of the Group were to maintain the core attributes and the key strengths of the existing Park, while also creating a ***world class "must see" venue*** by introducing an exciting variety of marine based attractions and shows and a wide range of rides catering to all ages and, in particular, targeting the family and younger adults.

The Development Group was led by the Chairman of Ocean Park Corporation and comprised a cross section of Board members, representatives from the management of Ocean Park and senior Government officials. The Group was assisted in its work by consultants from a range of disciplines and the senior management of Ocean Park. The range of skills included theme park masterplanning and design, attraction and show mix, economic assessment and financial viability analysis, cost estimation, legal, engineering and planning and land use.

The Proposal that has been prepared by the Group is comprehensive in nature and covers not only the scope of a new Master Plan but also a Design Concept detailing the nature and range of attractions and shows that will make up the New Park. It also includes independent verification of the business case, professional assessment as to the costs, the technical viability of the scheme, proposals as to the phasing of the works and a review of the organisational and institutional framework under which the Park currently operates. Additionally, the Proposal also identifies changes, subject to further legal and government review, to the existing organisational and institutional framework which might be implemented in the longer term to recognise changed and changing circumstances.

GUIDING PRINCIPLES

The Development Group established at the outset the following guiding principles, which have been observed as part of the preparation of the future plans for Ocean Park, and are set out below:

Ocean Park as a ***“must see”*** attraction: It is the intention that the future Ocean Park will become the ***world’s best marine themed park***, which is popular with local residents, is known to all visitors and has a world wide reputation, while still being relevant to the culture it serves.

“Ocean” and “Animal Encounter” as the dominant theme: Marine life and animals are to be maintained as the dominant theme, given the history and strengths of Ocean Park, whilst at the same time ensuring differentiation from Hong Kong Disneyland. Innovative and appealing ways of presenting this theme have been identified. Other themes and destination attractions have been incorporated within the design, based upon the latest trends in international theme park development and the anticipated tastes of target customers.

Day and night activities: The future Ocean Park is to have day and night activities as well as being an all weather attraction. By extending the length of stay of visitors and the operating hours of the Park, the commercial viability of the Park will be enhanced.

Hotel, retail and entertainment elements within the overall development concept: Incorporation of these elements upon a suitable scale will complement the theme park and represent a better utilization of land resources. There is considerable potential to promote the Park as a venue for night time entertainment for local residents and for the holding of corporate functions.

Service of MTR South Island Line: The plans for the New Park will need to take account of the possible construction of the proposed South Island Line and the fact that the redeveloped Ocean Park will be served by the MTR via the Ocean Park Station, if and when the South Island Line proceeds. Care has been taken to ensure that the integration of the Park entrance and the possible MTR Station can take place in the future with minimal disruption.

THE DESIGN CONCEPT (Masterplan attached)

The vision for the New Park is: ***“To aspire to be a world leader in providing excellent guest experiences in a theme park environment connecting people with nature”***. “Ocean” and “Animal Encounter” will continue to be the themes of the New Park, with an overall strategy of “edutainment” (combining education and entertainment).

A wide range of conceptual designs, developed upon the basis of the vision and the guiding principles, were reviewed and evaluated by the Development Group. After careful consideration in conjunction with the management of Ocean Park, a preferred Design Concept has been identified and a Master Plan based upon this concept has been drawn up, costed and the necessary viability analysis undertaken.

Based upon this Design Concept, it is envisaged that the New Park will be concentrated in two areas, namely at ***The Waterfront***, the former Lowlands, and at ***The Summit***, the former Headland, so as to take advantage of the unique topography of, and spectacular views from, the Park. These two areas would be connected by a proposed funicular system and an upgraded version of the existing cable car system, which is considered to be one of the key attractions of the existing Park that should be retained. The gradient difference between Tai Shue Wan and the Headland is too large to allow satisfactory circulation by park visitors and hence is not recommended for locating park rides and other attractions. However, this area is proposed to be reserved for a hotel development to integrate with the redeveloped Park and to tie in with the Aberdeen Tourism Corridor development scheme.

The proposed New Park will promote environmental awareness, marine conservation and animal protection, particularly through its educational programmes and experience with animals and ecological systems, and by promoting social development in the local communities. The proposed New Park will be divided into a number of zones, each characterised by a unique theme. In addition to “ocean” as the dominant theme, other themed zones will include “rainforest”, a polar zone, a mountain zone and completely transformed teen and family zones featuring a broad mix of more than 70 popular rides and attractions such as bobsled roller coasters, 3d/4d simulator, thrill rides etc.. The intention underlying the Master Plan is to transform the Park from a regional to a destination facility capable of satisfying multi-day visitors and the number and quality of rides, shows and attractions is expected to be sufficient to extend the length of each stay in the Park to 8 hours, whilst at the same time catering for the current trend relating to 3-hour trips by tour groups.

COST AND VIABILITY

The cost of the entire works, which will be undertaken in phases to minimise the impact on the existing Park, is estimated at HK\$5.55 billion at current prices. This does not include an allowance for the three planned themed hotels which it is considered would significantly increase the attractiveness of the New Park as an overnight destination. Each element has been the subject of rigorous review both from a cost and technical perspective, and it is considered that the figure of HK\$5.55 billion represents a realistic forecast of the investment that will be involved. This is supported by an independent economic assessment as to the competitive positioning of the New Park and the financial viability of the proposals, and that review confirms that the business case for the New Park is both robust and sustainable in the short, medium and long term. The patronage and revenue projections, which again have been the subject of independent review, indicate that the project will generate an IRR of 16% without putting any undue strain on the finances or viability of the Park.

FUNDING

Based on the Park’s preliminary review of the project with a number of commercial banks, it is envisaged that at least 50% of the funding requirements for the new investment would require government support by way of guarantee of the commercial debt and/or subordinated loan at the outset with the balance to be financed from the commercial market on a stand-alone basis.

ECONOMIC AND OTHER BENEFITS

Ocean Park currently makes a significant economic contribution to the Hong Kong economy and this will continue to be the case with the New Park’s total economic impact over a 40 year period, in present value terms, estimated to be HK\$133 billion. In addition, the Park benefits the community by raising the international profile of Hong Kong, attracting overseas and Mainland visitors, promoting environmental awareness and protection, through its educational programmes and experiences with animals and ecological systems, and by promoting social development in local communities. In particular, the planned repositioning of the Park will also act as a catalyst for the future economic growth of the southern side of Hong Kong Island and the development of the Aberdeen Tourism Corridor.

IMPORTANCE OF PROPOSED MTR SOUTH ISLAND LINE

The New Ocean Park would benefit significantly from the implementation of the proposed MTR South Island Line in that the new line would afford a convenient and fast means of access direct to the Park from Central. The New Park would in turn help to generate passenger flows to support the future viability of the railway.

At present as many as 800 coaches per day ferry visitors to and from the Park. While the New Park expects significantly increased visitor levels, provision of the MTR South Island Line would result in a reduction in the percentage of visitors that currently travel to the Park by coach and improve the arrival and departure experience. In addition, use of the MTR line would support Government's strategic planning intention of establishing the southern part of Hong Kong Island as the garden of Hong Kong and the development of the Aberdeen Tourism Corridor. Similarly, the opportunity provided by the South Island Line to offer "park and ride" facilities to southside residents would further reduce traffic into Central via the Aberdeen Tunnel.

IMPLEMENTATION

It is considered that the current overall proposals, namely the repositioning of the Park (excluding the three proposed hotels) can, with the necessary cooperation and approval of the various Government Bureaux and Departments, be undertaken within the terms of the existing Ocean Park Corporation Ordinance and Government Leases. However, it will be necessary to expand the area at the current entrance of the Park so as to expand the in-park transportation facilities and enhance the arrival experience and this will involve the grant to Ocean Park of two parcels of Government land currently occupied by the Hong Kong School of Motoring as a driving school and a public transport interchange respectively (plan attached). The latter will be reprovisioned within the new Entry Plaza. It will also be necessary to secure the approval from the Town Planning Board for the rezoning of these two sites from their current G/IC zoning to Other Uses – Ocean Park.

SUMMARY OF THE PROPOSAL

The proposal, which is the result of some 18 months of thorough and extensive diligence, represents the optimum solution for the Park and for Hong Kong. In particular, the proposed Master Plan combines the best of the existing Park with a series of new marine based attractions and rides to create a **world class** destination for both local visitors and tourists. By placing many of these attractions on the former Headland, the design maximises on the magnificent views that the Park enjoys and the construction of a funicular link removes the current dependence on the cable car, which cannot operate in bad weather or meet the demands of high attendance days. The inclusion of three hotels within the overall Master Plan will provide the convenience of accommodation for visitors adjacent to the Park but the viability of the business plan is not dependent on the hotels as a source of revenue. Finally the nature and mix of the attractions has been designed to complement rather than compete with the new Hong Kong Disneyland on Lantau and the works will be undertaken in two phases, the first to be completed by the end of 2008 and the second in 2010.

The Task Force, the relevant Government Bureaux and the Ocean Park Board are confident that these proposals not only will secure the long term future of the Park but also will contribute to Hong Kong's status as one of the leading tourist destinations in the region by

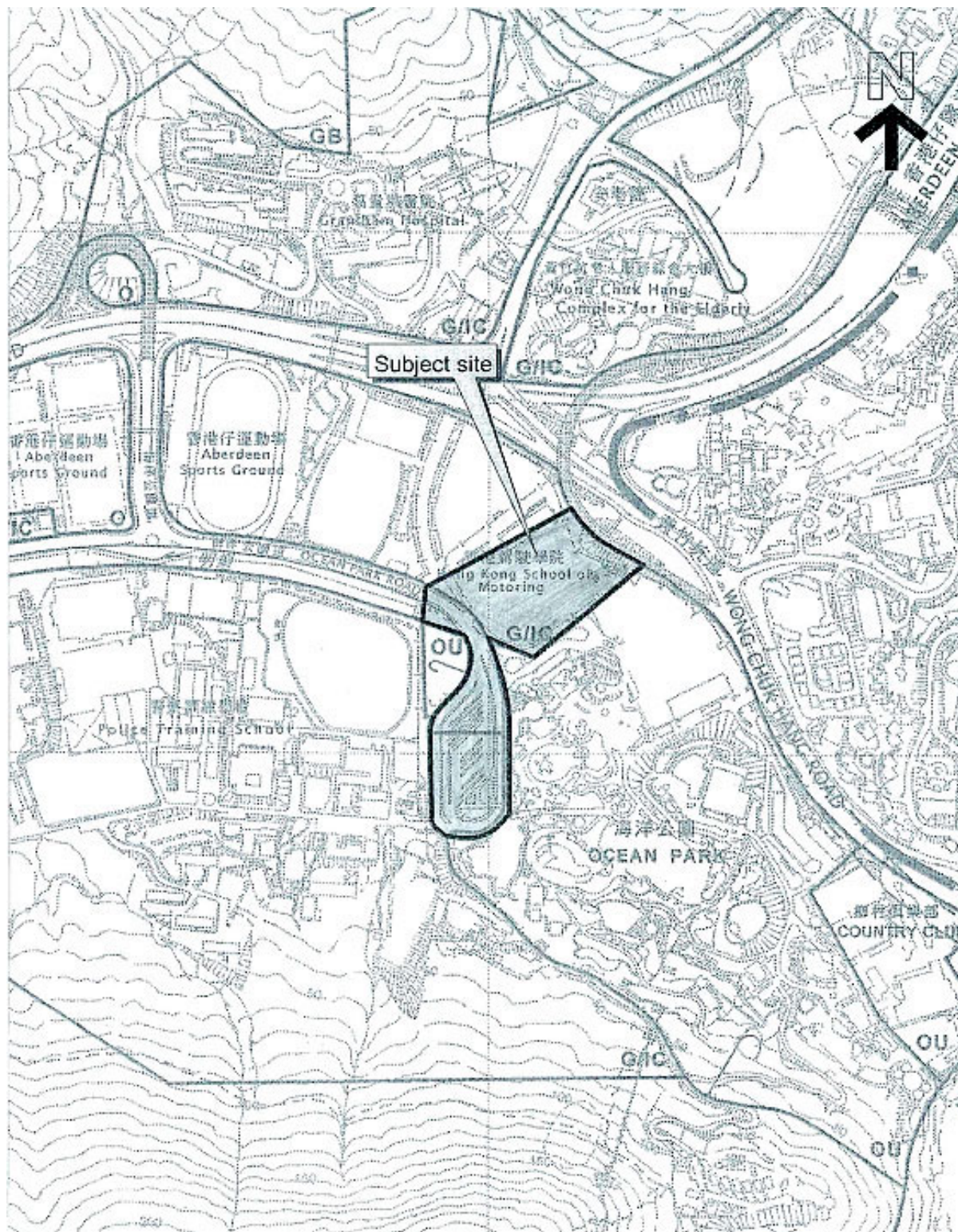
creating *the best marine theme park in the world*. The Master Plan also reflects and recognises the importance of continued community involvement and the Park's role in supporting ecological and educational initiatives in Hong Kong. Finally, the plan is both commercially and financially sustainable.







Extract from Draft Aberdeen & Ap Lei Chau Outline Zoning Plan



IMPLICATIONS OF THE PLANS

Civil Service Implications

1. Additional manpower resources for Government departments will be required to meet the fast track programme for processing the Ocean Park's Redevelopment Plans and the complementary public works but the requirement is not substantial. The additional manpower resources required have already been secured under the 2005 Resources Allocation Exercise. These include resources for the engagement of 4 Non Civil Service Contract Engineers for the years from 2006/07 to 2010/11.

Environmental Implications

2. The proposed redevelopment is a designated project under the Environmental Impact Assessment (EIA) Ordinance (Cap.499). Ocean Park will have to complete an EIA Study in accordance with the statutory requirements of the Ordinance. Ocean Park has been required to pay early and careful attention to the potential noise and glare impacts arising from the expansion and extension of operating hours, and to address the environmental issues at the design stage.

Sustainability Implications

3. The proposal to redevelop the Ocean Park would boost the tourist industry of Hong Kong and enhance the competitiveness of Hong Kong as a preferred tourist destination in the region. It would also help promote public awareness of marine conservation and contribute towards the sustainability principle of enhancing the vibrancy of Hong Kong's recreational opportunities, leisure activities and cultural vibrancy.