

**For information on  
28 November 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, Hongkong International Theme Parks Limited (HKITP), has been set up for this purpose. The project was completed on schedule and within budget. The theme park was opened on 12 September 2005 as scheduled.

3. This is the tenth progress report. The last one was made in March 2005.

**Government Works**

4. All government infrastructure works were completed on schedule and within budget. These government infrastructure works, covering site formation, drainage, sewerage, decommissioning of Cheoy Lee Shipyard, road works, vehicular bridges, landscape works, a water recreation centre, an arboretum, a tree farm, public piers at Penny's Bay, a public transport interchange at Sunny Bay, were completed at different stages by July 2005, ready for the phased opening of the Penny's Bay Area to allow the public sufficient time to familiarize themselves with the new public facilities and transport arrangement in the area.

5. Separately construction of a public transport interchange and a central pedestrian walkway at Penny's Bay, which were entrusted to HKITP, were also completed in July 2005 as scheduled.

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

### **Disneyland Resort Line**

7. Government and the MTR Corporation Limited entered into a Project Agreement on the Penny's Bay Rail Link (renamed Disneyland Resort Line, DRL) from Sunny Bay to Penny's Bay in July 2002. Construction works were completed on schedule and within budget. The line commenced service on 1 August 2005.

8. DRL has been operating smoothly. The average daily number of passengers taking DRL to Penny's Bay from 1 August to 31 October 2005 was about 14 600.

### **Phased Opening**

9. To give the theme park, public transport operators and relevant departments a familiarization period to adjust their operation before the Grand opening of the HKD on 12 September, all parties concerned have agreed to adopt a phased operation approach in opening the facilities in the Penny's Bay Development Area. Three key phases were -

- (a) From 1 August 2005 – DRL started to run between Sunny Bay Station and Disneyland Resort Station (DRS). A section of the Park Promenade, linked to the DRS was opened to the public;
- (b) 16 August 2005 – Operation of all public facilities at Penny's Bay. Franchised bus and taxi commenced service. Inspiration Lake Recreation Centre (ILRC) was opened to public. This period covered the Rehearsal Days when the theme park and hotels were opened to invited guests for testing and adjustment purposes.
- (c) 12 September 2005 – Opening of the theme park and hotels to the public.

10. A coordinated publicity campaign, underpinned by a series of communication channels established by HKITP, the Tourism Commission (TC), and Transport Department (TD), was launched to inform the public of this phased opening arrangement for the infrastructural and transport facilities available to the public. For example, Tourism Commission established a dedicated website on 22 June 2005 on the opening of HKD to act as a one-stop gateway for information on the phased opening, corresponding transport arrangements, and travel tips for local residents and visitors alike. An information booklet jointly produced by TC and TD was published before the second phase of opening.

11. Apart from advising the public of the availability of facilities, a key message of the government publicity campaign was to encourage visitors to plan ahead for their visit. This is to ensure that they would have a smooth journey to and an enjoyable experience in Penny Bay. Means of communication include TV and radio APIs which ran from 4 August to 31 October, as well as government posters.

12. In parallel, the Police, HKITP, TD and MTRC have developed crowd management plans for monitoring the patronage to the DRL, ILRC and theme park. To ensure effective communication and swift response, these parties have also set up a Joint Command Centre, which was activated on the first day of all key phases and the intervening weekends up to the end of the National Day Golden Week, to monitor crowd and traffic condition in the area. The Joint Command Centre provided effective co-ordination amongst concerned parties and has worked well.

### **HKITP Business**

13. Construction of the theme park, two hotels and related works were completed on schedule and within project budget. Contract close-outs are proceeding according to plan with over half of the major construction contract final accounts fully executed.

14. On the operation front, HKITP has developed strategic business partnership with both local and international companies such as Chow Sang Sang, Maxim's, Lee Kum Kee, Standard Chartered Bank, Arribas, Kodak, Coca Cola, Visa, etc. HKITP will continue to identify other business alliance opportunities.

15. HKITP has been actively engaging the travel trade in Hong Kong, the Mainland and other neighboring source market in Asia. There are now 57 wholesalers throughout the region who are actively promoting the park and the two hotels to visitors from those markets either directly or via the retail travel agent network in those respective markets. HKITP is in regular dialogue with wholesalers through regularly scheduled sales visits, trade shows, and communication vehicles such as its trade newsletter. In advance of the first Magical Christmas event, HKITP has begun trade briefings with Hong Kong-based inbound operators. This will subsequently extend to Guangzhou and Shenzhen.

16. HKITP has also reached out to the potential customers in the region direct through ongoing TV and print advertising in key source market sand locally in Hong Kong. The “Salute to Hong Kong Residents” was recently launched to thank the local community for their support to HKD and provide local residents who have not yet been to the park an attractive opportunity to do so.

17. As regards ticketing arrangement, there are now seven different ways that guests can buy their tickets. These cover both overseas as well as local guests: hotel reservations center, online ticketing, MTR Ticket Express in Hong Kong Station, wholesalers, travel agents, at the Main Gate on the day of visit, and group sales office.

18. HKITP launched the Rehearsal Days from 16 August to 8 September for the purpose of pre-opening adjustment of theme park operations and training of staff. During this period, HKITP was able to practise and adjust its operations based on real-life guest situations. For example, explanatory handouts to guests were introduced to explain the Fast Pass system, additional seating and food and beverage carts were brought in, staffing at certain attractions was increased to assist with guest flow, etc. Operational readiness of attractions is over 99% on average.

19. Since the opening, the operation of HKD is generally smooth. Guest surveys conducted by HKITP in the first month of operation show that over 80% of the guests have rated the overall experience at Hong Kong Disneyland as very good or excellent. Similarly, over 80% of the Hong Kong Disneyland hotel guests were satisfied with their stay at the hotels and more than half said that they intended to make a return visit. HKITP is optimistic about the full year attendance. As a listed company, The Walt Disney Company will disclose the performance of its theme parks in its annual report.

## **Employment opportunities**

20. HKITP rolled out a large-scale recruitment campaign for frontline operational staff members in April 2005 and successfully recruited the number of staff required for opening and operating HKDL. The recruitment policy of HKITP is to recruit in Hong Kong, with priority given to qualified local applicants.

21. As a matter of policy, HKITP would first conduct recruitment for every performing role in Hong Kong, with recruitment priority given to qualified local performers. HKITP would only recruit in other places for roles which they have been unable to successfully cast in Hong Kong.

22. All staff receive mandatory orientation sessions and training in safety as well as job-specific training. HKITP also works directly with its staff on job issues and feedback and has established communication channels for the purpose, including staff communication forums led by senior management and staff consultative sessions, both of which have been well-received. The staff retention rate at HKD is very high and exceeds that of all other Disney theme parks during openings especially with over 4000 employees who have been with the company for less than 6 months. Over 80% of the theme park guests have rated their overall experience at HKD, and especially including staff friendliness, as very good or excellent.

## **Publicity**

23. Leveraging on the opening of the Hong Kong Disneyland, Government in conjunction with HKITP and Hong Kong Tourism Board, have organized four tourism promotions in May and June 2005 in Bangkok, Beijing, Guangzhou and Singapore to showcase the tourism infrastructure projects that will start operation in 2005 and 2006, with a view to promoting Hong Kong as a premium destination for family tourists in the region.

## **Theme Park Expansion and financial arrangement**

24. The development and operation of HKD by HKITP is anticipated to cost HK\$14.1 billion. The financing arrangement comprises equity injections from both the Government and Disney and also loans from the Government and other commercial institutions. The portion of government equity injection and loans in this sum were approved by the Finance Committee of this Council in 1999.

25. Government and Disney have a mutual understanding to keep up the momentum to develop the theme park and expand the number of rides and attractions to promote guest experience. Construction of a new attraction, Autopia, is well under way and will be completed in 2006. Other attractions are being developed and will be reviewed by the HKITP Board for final approval in the near future. The scope and pace of expansion would be decided having regard to market demand. The intention is that each year new attractions will be developed to attract new and repeat visitors.

26. The expenditure on the expansion works will be borne by HKITP. In future, if HKITP cannot finance the park expansion from the operational receipts or other funding sources and requires Government equity injection or loans, this will be put to the Finance Committee of this Council for consideration. Besides, the budgets of HKITP is subject to the approval of its Board. Through the Government Board members, we will ensure that resources of HKITP are properly utilised.

Economic Development and Labour Bureau  
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