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Clerk to Legislative Council Panel on Economic Development
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn: Mr Noel SUNG)

16 July 2013

Dear Mr SUNG,

**Legislative Council Panel on Economic Development
Ocean Park's Admission Price Adjustment**

Thank you for your letter dated 9 July 2013, referring to us the letter from Hon TANG Ka-piu concerning the Ocean Park's admission price adjustment. Our reply is as follows.

To provide more diversified experience for local residents and non-local visitors, the Ocean Park has opened a number of new theme zones and amusement facilities over the past few years. The operating cost of the Ocean Park has increased due to the continued inflation and the employment of a large number of additional staff to meet the Park's operational needs. Furthermore, the Ocean Park Corporation (OPC) is obliged to repay the \$5.55 billion loan for its Master Redevelopment Plan and the \$2.29 billion loan for the Tai Shue Wan Development Project. We recognise the need for the OPC to review its admission prices with a view to maintaining a solid financial status.

The Tourism Commission has reminded the OPC that the public's acceptability and affordability, in particular the need of local residents (including the low income groups), should be considered when determining the price adjustment. Moreover, the price adjustment should not undermine the Park's competitiveness and the high quality services for its guests. Having considered a number of relevant factors, the OPC decided to offer a 15% discount to all Hong Kong residents purchasing a full price adult or child ticket during the first two months under the new pricing (i.e. from 1 September to 31 October 2013), and maintain the current prices of the Smartfun annual passes until the end of 2013.

The OPC will also continue their concessions to local residents, such as free admission for the elderly, local residents on their birthdays and people with disabilities, as well as concessionary measures for accompanying relatives of the people with disabilities and recipients of Comprehensive Social Security Assistance.

The OPC will also offer a grace period to travel agents as implementation of the new price for group admission will be deferred to 1 January 2014. We believe that this arrangement will alleviate the impact brought by the price adjustment to the tourism industry.

The OPC has provided information on the reasons for its admission price adjustment and the numerous concessionary measures, etc. The information is set out at Annex for Members' reference.

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(Emily MO)
for Commissioner for Tourism

c.c.

Dr Allan ZEMAN, Chairman of the Board of the Ocean Park Corporation
Mr Tom MEHRMANN, Chief Executive of the Ocean Park Corporation
Mr Matthias LI, Deputy Chief Executive of the Ocean Park Corporation

Ocean Park Corporation's
Supplementary Information on its Admission Price Adjustment

Reasons for admission price adjustment

The Ocean Park has increased a number of new attractions in the past two years, such as Aqua City, The Rainforest, Thrill Mountain and Old Hong Kong, etc., which have turned a local theme park into a world-class, must-see marine-based attraction of Hong Kong. The opening of the latest attraction, Polar Adventure, represented the conclusion of the Park's HK\$5.55 billion 6-year Master Redevelopment Plan (MRP). Since the start of the expansion, Ocean Park has quadrupled its staff size, for example, the number of dedicated professionals has reached a level of 2 000. The launch of new attractions, staff expansion and continued inflation contributed to a continuous rise in the Park's operating costs, which saw a 33% increase between the 2011/12 and 2012/13 fiscal years and a further 12% increase is expected for the 2013/14 fiscal year. Apart from operating costs, other key cost factors include on-going capital investments to improve the theme park facilities and enrich the guest experience, as well as the cost of servicing the commercial loans incurred for new attractions that had opened under the MRP.

2. As a non-profit making self-financed body, it is imperative that Ocean Park continues its prudent financial management philosophy so as to properly manage this world-class facility, meet loan servicing obligations, fund strategic capital expenditures to improve existing attractions and maintain reserves to handle contingencies in the future. Therefore, we need to set a suitable admission price. Having carefully considered a number of factors, including the community's acceptance level of a price increase, the impact on the tourism industry, the effect on the Park's competitiveness, as well as its financial health, we have decided to adjust the admission price with effect from 1 September 2013. We have made every effort to keep the magnitude of the adjustment to a minimum. Even after the adjustment, our admission fee will remain the lowest among comparable theme parks in the region.

Concessionary measures and other community care programmes

3. In support of the local community which has contributed greatly to the overall success of the Park over the years, a number of initiatives will be implemented during the transition of the price amendment. We will offer a 15% discount to all Hong Kong residents purchasing a full price adult or child ticket during the first two months under the new pricing (i.e. from 1 September to 31 October 2013), and maintain the current prices of the Smartfun annual passes until the end of 2013. During the summer months, the Ocean Park will launch a "Summer Nights" promotion during which the Park will extend operation hours to 10 p.m. on all Saturdays and Sundays between 20 July and 25 August. Hong Kong residents can also take advantage of a special discounted price for adult ticket of \$160 and child ticket of \$80 to enter the Park on these nights from 5 p.m. onwards.

4. The Park will continue to offer a number of community care programmes throughout the year for the local Hong Kong citizens – the largest portfolio of such programmes among comparable theme parks worldwide. For local Hong Kong residents, these include free admission on their birthday, free admission for senior citizens aged 65 years or over; free entry for local people holding the registration card for people with disabilities, and half price for one care provider; and \$20 admission for individuals and members of families receiving assistance from the CSSA Scheme. During the 2012/13 fiscal year, over 550 000 Hong Kong residents enjoyed complimentary or greatly discounted admission to Ocean Park. Aside from initiatives that are on-going throughout the year, the Park also conducts many other ad hoc community service events with donations which benefit a variety of charities. We were also a pioneer in 1993 when we established and funded our own "green group" – Ocean Park Conservation Foundation, Hong Kong (OPCFHK) – to directly engage in conservation work locally and support worthy projects across the region. This past year, Ocean Park has donated over \$10 million to OPCFHK. All together, the value forgone by Ocean Park during the fiscal year exceeds \$150 million.

5. Ocean Park continues to play a vital role in local education through its Ocean Park Academy, Hong Kong. Our redevelopment has given us an opportunity to develop new programmes for the public to enjoy up-close and behind-the-scenes encounters with our animal ambassadors, as well as new classroom facilities for students to optimise their learning experience. Ocean Park Academy has also expanded our conservation education classroom well beyond the boundaries of the

Park through education and conservation programmes delivered at local schools and exhibits in public venues. During the 2012/13 fiscal year, which ended 30 June 2013, a record high of over 60 000 local students, ranging from kindergarten (age 3-5) to secondary 4-6 (age 15-17), took part in some 2 400 courses, delivered under 33 different programmes inside the Park.

Ocean Park Corporation
July 2013