

NOTE FOR FINANCE COMMITTEE

Supplementary Information Provided by the Administration on FCR(2020-21)15

This paper provides information supplementary to the Legislative Council Finance Committee (FC) paper FCR(2020-21)15.

Repositioning of Ocean Park

2. We submitted our funding proposal via the FC paper FCR(2020-21)15 so as to enable the Government to undertake a critical and comprehensive rethink on Ocean Park's future and by doing so chart the way forward for its rebirth, while at the same time implement financial measures to salvage Ocean Park and sustain its operation in the meantime.

3. As pointed out in paragraph 13 of FCR(2020-21)15, the Government needs to chart the way forward for Ocean Park's future taking into account the new set of constraints and economic reality, both locally and beyond, and the implications of the paradigm shift in amusement park operation worldwide, while fully capitalising on the innate advantages of the Park. Paragraph 14 also sets out that with a complete open mind, the rethink will comprehensively review all aspects of the Park, not least its financing sources, structure and legal status, as well as the statutory functions of the Ocean Park Corporation (OPC).

4. Taking into account the views of FC Members, the general public, and various sectors of the community, our current thinking on the future positioning of Ocean Park is as follows –

- (a) Since its establishment some 40 years ago, Ocean Park has made significant contributions in education and conservation which are widely recognised by the public. We consider that **Ocean Park in future should focus on leveraging its rich and leading experience in education and conservation**, capitalising on its innate advantages, and **devoting itself to relevant research and public promotion work**;

/(b)

- (b) **The future Ocean Park will steer away from the conventional development model of theme parks.** On one hand, amusement rides in the Park require substantial funding for construction and maintenance. On the other hand, theme parks in the neighbouring regions have already invested heavily in these facilities bringing about fierce competition. As such, Ocean Park in future will **avoid making significant investment in amusement rides, reduce the scale of the Park, cut down on facilities and related expenses which are not cost-effective, and reorient its development focus back to education and conservation.** Ocean Park will place greater emphasis on other elements, such as its unique natural setting including its hilly terrain and shoreline, in providing a better and unique experience for both our locals and visitors from afar; and
- (c) Ocean Park is endowed with a **sublime shoreline** and the **scenery of Brick Hill**. With the Ocean Park Marriott Hotel in operation as well as the Fullerton Ocean Park Hotel and Tai Shue Wan Water World under development, and through synergising with other attractions in the vicinity of Southern District, such as the Aberdeen Typhoon Shelter, the developing Wong Chuk Hang area, and the MTR South Island Line, Ocean Park has great potential to **develop further into a major resort and leisure destination and drive economic development in Hong Kong and the Southern District.**

Operation Model upon Repositioning

5. Based on the repositioning ideas outlined above, we will further review and **adjust Ocean Park's operation model together with its functions and legal framework so as to provide greater flexibility for its operation, increase revenue, and contain costs, with the objective of averting its dependence on Government funding.** More precisely, we would need to consider thoroughly the following matters –

Financing Source

6. We need to examine the Park's future source markets, financing sources, as well as the scale and costs of operation. Generally speaking, the commercial elements in education and conservation fields are limited, and may not be able to generate sufficient income to sustain the Park's daily operation. Worth noting is that Ocean Park has all along operated on a self-financing basis and has not received any recurrent subvention from the Government. If Ocean Park's business in future focuses on education and conservation, there is a need to examine whether it can continue to operate on a self-financing basis as well as the possible channels for securing stable income in the long run and the financial sustainability of Ocean Park.

Operation Model

7. Currently, Ocean Park is directly managed by the OPC. We would need to examine whether the existing management model of the OPC should continue or other approaches should be tested, such as outsourcing the operating right of some of the facilities to other organisations, or exploring joint venture with commercial entities, or changing the charging mode.

Legal Framework

8. Under the existing Ocean Park Corporation Ordinance, the OPC is unable to issue shares and might not be able to extend its business to other places effectively, thereby constraining its means for financing and development. Subject to the review on the operation model, this aspect might need to be examined accordingly.

Use of Land

9. At present, the land of the OPC can only be used for a non-profit-making oceanarium and park and such ancillary purposes, thus lacking the flexibility for raising income through alternative uses. We may need to review such arrangement.

Development of Southern District

10. As an important infrastructure in Aberdeen, Ocean Park should complement the future development of the Southern District so as to achieve synergy and drive the development of the district.

Conclusion

11. Based on the above, **Ocean Park will steer away from its prevailing positioning as a theme park and reorient its focus to education and conservation. It will also explore development into a major resort and leisure destination.** Through holistically reviewing the resources and constraints of Ocean Park, the Government will identify solutions and think out of the box such that the development of the Park would be more sustainable financially.

12. If the FC approves the funding sought via FCR(2020-21)15, we will follow the directions set out above and embark on the rethink on Ocean Park so as to map out its rebirth.

13. We hope that the FC will grant approval as soon as possible for the funding sought via FCR(2020-21)15, thereby giving Ocean Park a chance for rebirth following the above directions.

Commerce and Economic Development Bureau
Tourism Commission
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