

立法會

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Bills Committee on Ocean Park Corporation (Amendment) Bill 2021

Background brief

Purpose

This paper provides background information on the Ocean Park Corporation (Amendment) Bill 2021 ("the Bill"). It also summarizes the major views and concerns expressed by members of the Panel on Economic Development ("the Panel") during previous discussions on the subject.

Background

2. Ocean Park ("OP") was established in 1977. Under the Ocean Park Corporation Ordinance (Cap. 388), OP is managed by the Ocean Park Corporation ("OPC") as a public recreational and educational park. OPC is required to apply all its profits towards the promotion of its statutory functions. With intensifying regional competition and the lack of new major attractions since completion of its last major redevelopment in 2012, OP is in need of repositioning. Meanwhile, the Coronavirus Disease 2019 pandemic, which has hit Hong Kong since late January 2020, has given rise to new circumstances which cast doubts on the commercial viability of OP pursuing a conventional development model of theme parks.

3. Against this background, the Administration together with OPC have drawn up a future strategy for OP comprising a new vision, a number of major new initiatives, and a new mode of operation for OP ("the Strategy"). Members may refer to Annex B of the Legislative Council ("LegCo") Brief (File Ref.:TC CR T2 22/40/3/3) for details of the Strategy. Under the Strategy, OP will be transformed into a travel destination and leisure zone with a focus on conservation and education, grounded in nature and complemented by adventure and entertainments to enhance the visitor experience.

4. To support the implementation of the Strategy, the Administration has obtained the approval of the Finance Committee on 19 March 2021 for

(a) providing a non-recurrent funding support of \$1,664 million for OPC, (b) restructuring of Government loans provided to OPC, and (c) providing OPC with a time-limited subvention of not more than \$280 million per year for four financial years between 2022-2023 and 2025-2026. The current legislative amendment exercise is the next step for enabling OPC to take forward the Strategy.

The Bill

5. The Bill was published in the Gazette on 18 June 2021 and received its First and Second Readings at the Council meeting of 23 June 2021. Key amendments of the Bill are as follows:

- (a) expand and expressly state the functions of OPC to include conservation on top of recreation and education, and empower OPC to carry out functions relating to recreation, education and conservation outside OP;
- (b) expressly empower OPC to enter into a contract or an arrangement with any other person in relation to the performance of its functions so as to enable OPC to outsource part of OP's operation;
- (c) streamline the relevant approval process relating to the use of the Ocean Park Trust Fund by OPC for taking forward its functions; and
- (d) repeal the Ocean Park Bylaw (Cap. 388B) in order to cater for the new mode of operation of OP.

Previous discussions

6. The Administration briefed the Panel on the Strategy for OP as well as the proposed financial arrangements and legislative amendments to take forward the Strategy at its meetings on 25 January and 22 February 2021. The major views and concerns expressed by Panel members are summarized in the ensuing paragraphs.

Financial viability and sustainability of OP

7. Members in general agreed that OP was in need of transformation to cope with the market changes and considered it suitable for OP to focus on conservation and education. Some members were concerned about the

financial viability and sustainability of OP, and requested OPC to strengthen cost saving measures and explore other measures, such as borrowing loans in the market, to help its finance if necessary. They urged the Administration to ensure that the future operation of OP could achieve self-sustainability without requiring further funding from the Administration. One member suggested empowering OPC to sell certain portion of the OP's site in order to secure additional financial resources in case of need.

8. The Administration advised that under the Strategy, OPC would take forward various projects in OP through a mixed mode of operation to generate income. While the non-ticketed retail, dining, and entertainment ("RDE") zone in the lower park area would attract more visitor traffic, outsourcing various facilities would secure additional source of income, including upfront payment and revenue sharing. Coupled with the opening of the Water World, the offerings of OP would be diverse and appealing. It was considered that OPC would be able to achieve financial sustainability by taking forward the Strategy and the financial projections for the Strategy were made on a prudent and reasonable manner.

Outsourcing facilities of OP

9. Members requested more information about the outsourcing arrangements for the RDE zone, including the duration of contracts, expected rent per square foot, estimated revenue of OPC, etc. The Administration advised that such information was commercially sensitive and was not appropriate for disclosure before the tendering exercise. Some members called on OPC to expedite the outsourcing arrangements so as to help alleviate the financial burden of OPC. A member suggested OPC consider seeking financial guarantee from bidders' parent companies for the operation of the outsourced facilities, so as to ensure sustainability of relevant operations and mitigate risk.

10. Some members requested OPC to ensure that the commercial operations conducted in OP would be in line with its themes of conservation and education. OPC advised that the RDE zone would be built featuring open air event spaces for people having fun and leisure, and emphasizing the elements of conservation and education. In any case, the overall management of OP would still be in the hands of OPC after contracting out the facilities to third parties enabling it to set the overall vision and directions of OP.

Water World

11. Some members considered that the financial health of OP was reliant on the operation performance of the Water World. They were worried that the

year-round and all-weather Water World might involve a huge expenditure on maintenance and electricity, undermining its financial sustainability. Some members considered that the projected one million of local attendance per year for the Water World seemed too optimistic, as local people might not be willing to pay repeatedly for visiting a waterpark.

12. The Administration advised that the Water World would be a brand new all-weather year-round facility with 27 state-of-the-art attractions offering a whole-day leisure experience. It would be operated on a self-financing basis as it was an innovative and world-class facility which would be attractive to visitors. The maintenance cost was expected to be limited at the initial stage after completion, and the projected annual attendance was not aggressive taking into account the scale of the Water World and its all-weather year-round operation.

13. A member suggested to outsource the Water Park if the operation of which could only achieve a breakeven. OPC advised that since the Water World was about to be completed, it had well passed the phase which involved the largest amount of investment and thereby financial risk. Outsourcing the operation at this stage would not have much impact on risk mitigation for OPC but would in fact incur additional management fee. Since OPC had already engaged a professional team to operate the Water World, it was considered not desirable to outsource its operation at this stage.

Synergising with the Invigorating Island South Initiative

14. Some members were concerned how the Strategy could achieve synergy with the Government's Invigorating Island South Initiative so as to help drive economic development in the Southern District. A member considered it vital to ascertain the proposed development of two piers respectively at Deep Water Bay and Tai Shue Wan to implement the Initiative.

15. The Administration advised that the Strategy would enhance and leverage OP's strengths in education and conservation, make use of its natural landscape and strategic seaside location, and explore new marine tourism routes with OP as the core to link up with other attractions in the Southern District and beyond. Together with the opening of the Water World in 2021 summer as well as the enhanced transport connectivity, OP would be transformed into a focal point of the district, and become a major resort and leisure destination in the Southern District. For the two piers to be developed at Deep Water Bay and Tai Shue Wan, it was proposed to be developed under Government's public works projects. Subject to further technical studies, resources would be sought through established mechanism.

Latest development

16. At the House Committee meeting on 25 June 2021, Members agreed to form a Bills Committee to study the Bill.

Relevant papers

17. A list of the relevant papers available on the LegCo Website (<http://www.legco.gov.hk>) is at the **Appendix**.

Council Business Division 4
Legislative Council Secretariat
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List of relevant papers

Issued by	Meeting date/ Issue date	Paper
Panel on Economic Development	25 January 2021	Administration's paper Minutes
	22 February 2021	Administration's paper Minutes
Finance Committee	19 March 2021	Administration's paper