

LCQ10: A site originally reserved for the Hong Kong Disneyland

Following is a question by the Hon Andrew Wan and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (October 28):

Question:

In 1999, the Government and The Walt Disney Company (TWDC) formed a joint-venture company, namely the Hong Kong International Theme Parks Limited (HKITP). In 2000, the Government and HKITP signed an Option Deed under which an Option, with expiration date on September 24, 2020, was granted to HKITP for it to buy, for taking forward the Phase 2 development of the Hong Kong Disneyland (HKDL), a site of approximately 60 hectares adjacent to HKDL at Penny's Bay (Phase 2 site). After the site had been left idle for two decades, the Government announced on September 23 this year that having taken into account the current economic conditions, it would not extend the Option. Moreover, under the Deed of Restrictive Covenant (DRC) signed between the Government and HKITP, the use of the Phase 2 site has to comply with the permitted uses as listed in DRC, which do not include residential and medical uses. In this connection, will the Government inform this Council:

(1) as the Option Deed provides that HKITP is entitled to a right for an automatic five-year extension of the Option, whether the Government had, before it made the decision of not extending the Option, obtained TWDC's consent to the non-exercise of the right for an automatic extension of the Option by HKITP; if not, of the justifications for the Government's unilateral decision of not to extend the Option, and whether it has studied if the Government may unilaterally amend the clauses of DRC;

(2) whether it has studied or discussed with TWDC applying a loose interpretation to the clauses of DRC to the effect that (i) residential use is deemed as one of the permitted uses of the Phase 2 site, and (ii) the restrictive clauses on the prohibition of residential use are deemed to be inapplicable to transitional housing; if so, of the details (including the dates of the study/discussion, the policy bureaux involved and the outcome);

(3) whether, notwithstanding that transitional housing and general residential uses are not listed in DRC as the permitted uses of the Phase 2 site, the Government may use the Phase 2 site for these purposes with the consent of TWDC or under other circumstances; if so, of the details; if not, the reasons why the site may be used for medical purpose, i.e. temporary quarantine facilities;

(4) of the short-term or long-term uses currently proposed by the Government for the Phase 2 site and the relevant details; and

(5) whether it has studied, given that the Option has expired, if the

restrictions imposed on the Phase 2 site under DRC remain valid or applicable, in order to ascertain whether the Government may use the site for building transitional housing; if it has studied, of the outcome?

Reply:

President,

Having consulted Commerce, Economic and Development Bureau (CEDB), Transport and Housing Bureau and other relevant departments, my consolidated reply to various parts of the question is as follows:

(1) When the development of Hong Kong Disneyland Resort (HKDL) at Penny's Bay was finalised in 1999, the Government agreed to reserve a site of around 60 hectares adjacent to HKDL for its possible expansion (the Site), and entered into the Option Deed in 2000 to grant the Hongkong International Theme Parks Limited (i.e. the joint venture company between the Government and The Walt Disney Company (TWDC) for the development and operation of HKDL) (HKITP) a right to purchase the Site (the Option). Under the Option Deed, the Option expires after September 24, 2020, if it is not extended upon agreement by both the Government and TWDC.

The Government, having taken into account the current economic conditions and worldwide tourism downturn, announced last month that the validity period of the Option was not extended. In other words, HKITP no longer has the Option right for the Site. TWDC was advised in advance of the Government's decision.

(2) and (5) The Option Deed and the Deed of Restrictive Covenant (DRC) are two different covenants. The validity of the DRC will not be affected owing to the non-extension of the Option for the Site. The DRC executed in 1999 imposed certain development restrictions (including height and use restrictions) on the future development of the land in the vicinity of HKDL (including the Site) to maintain compatibility of HKDL and the surrounding uses and atmosphere. According to the DRC, the development of the Site must be low-rise and cannot be used for residential purpose. Since the DRC is a covenant, the Government cannot make amendments on its own, and has to obtain TWDC's agreement. Since transitional housing is also for residential, any proposal to use the Site as transitional housing has to be agreed by TWDC to amend the DRC.

(3) and (4) At present, the Site is being used as temporary quarantine facilities. As the quarantine facilities do not fall under the permitted use of the Site under the DRC, the Government discussed with TWDC earlier this year. The Disney side supported the Government's epidemic prevention and anti-epidemic work and agreed to allow the Government to use the Site as temporary quarantine facilities. As of the end of September, the Government has already completed the construction of 1 500 quarantine units in Penny's Bay (including the Site). Another 2 000 quarantine units are expected to be completed by the end of this year. As the global epidemic situation has not been under control, the government still have to get prepared and responsive to the epidemic in a timely manner. The government believe the arrangement of

using the Site as a temporary quarantine facility will last for some time.

Although the Site is no longer reserved for expansion of HKDL, its future development still has to comply with the relevant outline zoning plan, as well as the land use and development requirements under the DRC. According to the North-East Lantau Outline Zoning Plan, the Site is planned for theme park, resort hotel and the related uses. The Government will review the long term planning of the Site in an open-minded manner. If necessary, the Government will amend the statutory planning as well as discuss with TWDC to amend the land use and building height under the DRC so as to make better use of the land.