

## **Frequently Asked Questions**

### **1. Why does Hong Kong need a new Cruise Terminal?**

- We need a new Cruise Terminal in order to capture the growth of the regional cruise market and sustain our development as a regional cruise hub.
- According to studies commissioned by the Government, Hong Kong will need an additional berth between 2009 and 2015; and an additional one to two berths thereafter.

### **2. Where is the location of the new Cruise Terminal and when will it be completed?**

- The new Cruise Terminal will be located at a site of 7.6 hectares at the southern end of the former Kai Tak runway.
- The first berth and the supporting facilities necessary for cruise operation are scheduled for completion in 2012.

### **3. What facilities will the Cruise Terminal provide?**

- The Cruise Terminal will provide two alongside berths. Each can cater for mega cruise vessels up to a maximum of 100 000 displacement tonnes. Its structural strength will be able to accommodate the largest cruise vessels commissioned and planned to date including the Queen Mary 2, Freedom of the Seas and Project Genesis.
- There will be a cruise terminal building to accommodate supporting facilities essential for cruise operation, such as customs, immigration and health quarantine counters/offices, baggage handling, ticketing office, waiting area, coach parking/loading/unloading areas, etc.
- The cruise terminal building will also have a commercial area with a maximum non-domestic gross floor area of 50 000 m<sup>2</sup> for commercial/retail facilities as well as offices for cruise operators, travel agents, etc.

#### **4. Why does the Cruise Terminal have to be located at the Kai Tak Development?**

- Kai Tak is the only location within the Victoria Harbour that has the capacity, without reclamation, to provide up to 3 alongside berths for mega cruise vessels.
- It provides sites for the development of a hinterland for tourism-related facilities such as hotels, retail and entertainment facilities.
- Technical feasibility of the site has already been established.

#### **5. How will the Government Develop the Cruise Terminal?**

- The Government plans to adopt an incremental approach in developing the new Cruise Terminal and other tourism-related facilities adjacent to it. Phase 1 will focus on the new Cruise Terminal and subsequent phase(s) on other adjacent tourism-related facilities.
- The Government will offer the site to the market through an open land tender. The successful bidder will, at his own cost, form the site as well as design, build, and operate the following facilities in and adjacent to the cruise terminal building -
  - (a) two alongside berths and ancillary facilities for berthing as well as loading and unloading passengers, baggage and other supplies for cruise vessels, etc. (Berthing Facilities).
  - (b) ancillary facilities like ticketing offices, waiting areas, etc. essential for cruise operation as well as customs, immigration and health quarantine (CIQ) facilities (Supporting Facilities).
  - (c) a total non-domestic gross floor area of 50 000 m<sup>2</sup> for commercial/office/retail facilities (Commercial Area).
- The successful bidder will form the Site, complete the Berthing and Supporting Facilities first, and have the flexibility to develop the Commercial Area as part of the cruise terminal building within a fixed period.

## **6. Why does the Government adopt a Market-driven Approach in developing the new Cruise Terminal?**

- We believe this approach would bring a number of advantages including -
  - (a) Ensuring a level-playing field : This would be an open, competitive land tender which provides certainty, transparency and a level-playing field;
  - (b) Maximising market efficiency : Given that the private sector enjoys greater flexibility than the Government, the successful bidder could be more responsive to cruise market needs in its design and able to complete the construction in a shorter timeframe; and
  - (c) Minimising interface issues : As the successful bidder would also operate the Cruise Terminal in future, it would design and build the facilities in accordance with its operational requirements and should be able to minimize any interface problems.

## **7. What will be the development timeframe?**

- We shall endeavour to adhere to the following development timeframe –

Gazette the Outline Zoning Plan for Kai Tak Development	Fourth quarter/2006
Conduct pre-tender consultation with the tourism industry and the cruise market	First half/2007
Approval of Outline Zoning Plan and invite Tender	Fourth quarter/2007
Complete the necessary statutory procedures under relevant Ordinances, and closing tender	First quarter/2008

Award Tender

Second  
quarter/2008

Commission the first Berth

2012

**8. Would the Government consult the market on the development?**

- The Government intends to conduct a pre-tender consultation with the tourism industry and the cruise market in the first half of 2007 in parallel with the statutory procedures of the Kai Tak Development. This would facilitate preparation of the tender exercise for developing the new Cruise Terminal.

**9. What is the development cost of the new Cruise Terminal?**

- According to the consultant, the estimated development cost of the cruise terminal facilities is about \$2.4 billion (at second quarter/2006 price level) comprising -
  - (a) about \$1.3 billion for site formation which includes reconstruction of the existing seawall and construction of a quay deck for berthing cruise vessels;
  - (b) about \$0.3 billion for the construction of Berthing Facilities; and
  - (c) about \$0.8 billion for the construction of Supporting Facilities.

**10. What is the latest development of the Hong Kong cruise market?**

- The total cruise passenger throughput in Hong Kong including local residents and international passengers travelling on conventional cruises and cruises-to-nowhere has increased by 55.5% from 1.38 million in 1999 to 2.15 million in 2005.
- International cruise lines are considering stepping up their operation in Asia, which is considered to be the next major cruise market. The three largest cruise lines have already announced plans to deploy cruise vessels into the Asia Pacific

Region that will regularly visit or homeport in Hong Kong.

**11. What are the comparative advantages of Hong Kong over other potential homeports in the region?**

- Consumer awareness of Hong Kong as an appealing travel and leisure destination is high with most cruise lines.
- We are well positioned in the increasingly affluent Pearl River Delta and our air connections with other regional markets provide superior consumer access.
- Besides, the Victoria Harbour, with adequate channel widths and depths and no air draft limitations, is capable of accommodating most current and planned mega cruise vessels.

**12. What economic benefits will the new cruise facilities bring to Hong Kong?**

- With new cruise facilities and appropriate marketing strategies, and depending on the market growth scenarios, market studies estimate that the economic benefits may reach \$1.4 billion to \$2.2 billion per annum by 2020. It may also support some 6 900 to 10 900 employment opportunities by 2020.

**13. What is the interim arrangement for cruise vessels which cannot be berthed at the Ocean Terminal?**

- We have liaised with the container terminal operators on the berthing of cruise vessels, which cannot berth at the Ocean Terminal due to its size or conflicts in schedule, at the container terminals as an interim measure.
- Taking into account the views and comments of the container terminal operators, we have streamlined the procedures to provide flexibility for container terminal operators in making applications for temporary waivers of the land lease conditions to facilitate berthing of cruise vessels at the container terminals.
- We will continue to liaise with the container terminal operators

on requests made by the cruise lines for alternative berthing arrangements prior to the completion of the new Cruise Terminal at Kai Tak.

**14. What are the findings of the Expression of Interest exercise conducted in late 2005?**

- The Government has received six suggestions. After careful consideration of the 6 suggestions received, the Government concluded that none of the suggestions could fully meet Government's requirements. For those which suggested a site other than Kai Tak, they would invariably require some form of reclamation and/or works that would contravene the statutory principle to protect and preserve the Harbour and/or have transport, environmental and other infrastructure implications which would inevitably make their implementation timetable uncertain. The Government will therefore focus on the development of new cruise terminal facilities at Kai Tak.