

Development of New Cruise Terminal Facilities in Hong Kong

The Secretary for Economic Development and Labour (SEDL), Mr Stephen Ip, today (October 24) announced the Government's plan for developing new cruise terminal facilities at Kai Tak.

"The development of new cruise terminal facilities is important for Hong Kong to capture the growth of the cruise industry in the Asia Pacific Region, and sustain its development as a regional cruise hub," Mr Ip said.

"It has always been the Government's intention to develop new cruise terminal facilities at Kai Tak, as it is the only site within the Victoria Harbour with the capability to provide two or more alongside berths without reclamation. The outcome of the recently completed Stage 3 Public Participation of the Kai Tak Planning Review indicated general public support for the development of cruise terminal facilities at Kai Tak," he added.

The Government also announced the results of the Expression of Interest exercise, which was conducted in late 2005 to gauge market feedback on whether there were feasible locations other than Kai Tak for earlier development of new cruise terminal facilities. 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 or works that would contravene the statutory principle to protect and preserve the Harbour 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.

An incremental approach would be adopted in developing the new cruise terminal and tourism-related facilities at the southern end of the former runway. First, a new cruise

terminal would be developed on a site of 7.6 hectares earmarked at the southern end of the runway. Thereafter, the Government will offer land adjacent to the cruise terminal to the market for development of tourism-related facilities, such as hotels, shopping malls and conference facilities. Priority will be given to the new cruise terminal facilities to allow for their early completion. Other tourism-related facilities will proceed as the Kai Tak Development evolves.

"The Government will develop the new cruise terminal through an open tender. The successful bidder will, at his own cost, form the site as well as design, build, and operate the berthing and supporting facilities. These will include reconstruction of the existing seawall, and development of two alongside berths which can meet the need of mega cruise vessels up to a displacement tonnage of 100,000. Together, they aim at capitalising on the cruise industry trend of building larger cruise vessels."

"Depending on the implementation programme of the

successful bidder, the first berth at Kai Tak is expected to be completed in 2012," said Mr Ip.

The successful bidder will also be required to build and operate the second berth. The revised Preliminary Outline Zoning Plan for Kai Tak has built-in flexibility for a third alongside berth to be developed next to the second berth in future.

The development cost for the berthing and supporting facilities essential for the operation of a cruise terminal at Kai Tak is estimated to be \$2.4 billion.

Mr Ip added, "the successful bidder would have the right to develop commercial, office and retail facilities up to a total Gross Floor Area of 50 000 m² in the cruise terminal building. It would have the flexibility to develop these facilities in phases but within a fixed period. This would allow the bidder to develop the commercial facilities to tie in with other developments in the neighbourhood."

"The Government intends to invite tender after the approval of the Outline Zoning Plan for Kai Tak in the second half of 2007, and close the tender upon completion of the statutory procedures under relevant Ordinances, including the Foreshore and Sea-bed (Reclamations) Ordinance and the Environmental Impact Assessment Ordinance, for the cruise terminal development. We look forward to awarding the tender in the second quarter of 2008," Mr Ip said.

To expedite the development of the new cruise terminal facilities, we shall conduct a pre-tender consultation with the tourism industry, in particular the cruise market, in early 2007 in parallel with the statutory procedures.

"The purpose is to incorporate market views into the development parameters of the tender, and allow more time for potential bidders to prepare their submissions," Mr Ip said.

"This would help expedite the subsequent tender exercise in the second half of 2007."

The Government intends to seek Legislative Council funding in late 2006 for advance studies necessary for developing the former runway at Kai Tak. This would facilitate the early formulation of technical requirements for the cruise terminal for inviting tender, and subsequent assessment of bids.

The new terminal facilities will become an important tourism infrastructure for Hong Kong. It would help diversify our tourism products, enhancing our attractiveness to tourists from different market segments, including the high-end market. A survey conducted by the Hong Kong Tourism Board in 2004 indicated that more than 50% of the Mainland visitors expressed interest in joining cruise vacation in future. Of these, more than 80% would join conventional cruises from Hong Kong.

According to consultancy studies, with the availability of new cruise terminal facilities and

appropriate marketing strategies, the economic benefits are estimated to be between \$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.

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