

For information

Legislative Council Panel on Economic Services

Market Feedback on the Development of a New Cruise Terminal at Kai Tak

Purpose

This paper informs Members of market feedback on the development parameters for the new cruise terminal at Kai Tak.

Background

2. We last briefed the Panel in November 2006 on the Government's plan to proceed with the development of a new cruise terminal on a site of 7.6 hectares at the southern end of the former runway in the Kai Tak Development (the Site), as follows –

- (a) an incremental approach will be adopted in developing the new cruise terminal at the Site;
- (b) the Government will offer the Site to the market through an open land tender. The successful bidder will be expected, at his own cost, to form the Site as well as design, build, operate and maintain throughout the 50-year term of the land lease the following facilities in and adjacent to the cruise terminal building –
 - (i) apron facilities;
 - (ii) supporting facilities; and
 - (iii) commercial area.
- (c) the successful bidder will complete the apron and supporting facilities first, and have the flexibility to develop the

commercial area as part of the cruise terminal building within a fixed period; and

- (d) the Government will start to engage the tourism industry, in particular the cruise market, to prepare for the tender exercise to develop the new cruise terminal referred to in (b) above.

Market Engagement

3. Since the announcement of the way forward for the new cruise terminal project in October 2006, the Tourism Commission (TC) has been actively engaging relevant stakeholders, including key players in the regional and international cruise market, local tourism industry, concerned trade bodies and professional organizations to seek their views on the development parameters of the new cruise terminal. Based on the comments received, we have proposed some development parameters for the new cruise terminal, and uploaded onto TC's website in April 2007 for more focused engagement with the market¹.

4. With market feedback, we believe that our mission should be to develop a world-class cruise terminal with state-of-the-art facilities which are user-friendly, and provide efficient and quality services. This would help develop Hong Kong into a leading regional cruise hub. The facilities and services provided by the new cruise terminal should have built-in flexibility to allow for adjustments to meet the need of different types of cruise vessels and different cruise market segments. They should form part of an overall experience of a cruise passenger and add value to a cruise vacation.

5. Specifically, the major cruise operators and tourism industry players advised us that the new cruise terminal should -

- (a) have built-in flexibility to allow the berthing of different types and sizes of cruise vessels including mega cruise

¹ The Tourism Commission has uploaded an Explanatory Note onto its website since 10 April 2007 for market comments. The Explanatory Note has served as a basis for the Tourism Commission to engage the cruise market, tourism industry, relevant trade bodies and professional organizations.

vessels commissioned up to date, and meet the need of different operational modes adopted by cruise operators for different market segments;

- (b) provide user-friendly facilities and services to all potential users, including the cruise passengers, non-cruise tourists and the public;
- (c) offer the cruise passengers and other visitors a good experience. Once the passengers enter the terminal, they should feel being welcomed through the check-in, baggage handling, security screening, embarkation and disembarkation procedures; and
- (d) become an iconic structure projecting the image of Hong Kong as Asia's world city.

6. In April and May 2007, TC conducted a series of exchange sessions with the cruise market, including the major cruise operators and agents, tourism industry, concerned trade bodies and professional organizations. These market engagement efforts are supported by experts of the cruise industry and engineering fields, appointed respectively by TC and the Civil Engineering and Development Department to study and advise relevant development parameters of the new cruise terminal. A summary of market feedback on major issues is set out at **Annex A**.

Proposed Development Parameters

7. Based on market feedback, and with latest advice from cruise experts and engineering experts, we have proposed some development parameters for the new cruise terminal. A summary of the key parameters is at **Annex B**, which will form the basis of the tender documents for the project. In addition to the land lease, we intend to require the successful bidder to enter into a Service Agreement with the Government in respect of the performance pledges made in his bid, in particular those for the operation and management of the new cruise terminal. The Service Agreement will be co-terminous with the land

lease. It will require the successful bidder to make available to the public throughout the term of the lease certain information to enhance the transparency of the operation and management of the new cruise terminal.

Development timetable

8. Our current timetable for taking forward the project is as follows -

Obtain approval of the draft Kai Tak Outline Zoning Plan and invite tenders	4 th quarter/2007
Close invitation for tenders upon completion of the necessary statutory procedures	1 st quarter/2008
Execution of the land lease and Service Agreement	2 nd quarter/2008
Commission of the first berth	February 2012

9. Members are invited to note the market feedback and proposed development parameters for the new cruise terminal at **Annexes A and B**.

Tourism Commission
Commerce and Economic Development Bureau
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