

LCQ19: Waiver fee for berthing of cruise vessels at container terminals

Following is a written reply by the Acting Secretary for Commerce and Economic Development, Mr Gregory So, to a question by the Hon Paul Tse at the Legislative Council meeting today (November 11):

Question:

Some cruise operators have relayed to me that at present, among the cruise vessels that come to Hong Kong, some of them cannot berth at Ocean Terminal (OT) due to their sizes exceeding that can be handled by OT or conflicting schedule, and such vessels were left with no choice but to berth at the Kwai Chung Container Terminal. Yet, cruise operators have to pay a waiver fee for exemption from restrictions on land use, in addition to paying a high berthing fee, and they have expressed their dissatisfaction about this. In this connection, will the Government inform this Council:

- (a) what criteria the authorities have applied in determining the aforesaid waiver fee, as well as the justification for imposing such a fee on the cruise operators;
- (b) whether it has studied if the policy of collecting the aforesaid waiver fee in addition to the berthing fee will weaken the development, competitiveness and attractiveness of the local cruise industry; if it has, of the study outcome; if not, whether it will conduct the relevant study expeditiously; and
- (c) whether it will reduce or abolish the waiver fee from now until 2013 before the commissioning of the first berth of the new cruise terminal, thereby attracting more cruise vessels to call at Hong Kong and continuing to enhance the competitiveness of the cruise industry in Hong Kong in the interim?

Reply:

President,

My reply to the three-part question is set out below:

- (a) The leases of the container terminals do not allow for berthing of cruise vessels. The grantee must apply to the Lands Department for a temporary waiver for such use. If approved, the grantee is required to pay a waiver fee for the temporary modification

of land use. The waiver fee is calculated on the basis of the enhancement in rental value brought about by the new land use. The grantee may request the cruise operators to pay for such charges.

(b) In considering deployment of vessels to Hong Kong, cruise operators will take into account a host of factors, including Hong Kong's appeal to cruise passengers as a travel destination, infrastructural facilities to support cruise operations, and the corresponding software developments, etc. Berthing fee is only one of the many considerations.

With its strategic geographical location, world-class infrastructure, excellent air connectivity to different parts of the world, a deep natural harbour with no air draft restriction, and our being a renowned travel destination supported by a travel trade well-experienced in receiving cruise passengers, Hong Kong is a highly competitive cruise port. In recent years, the number of times cruise vessels berth at container terminals has increased from six in 2008 to an estimated 10 in 2009. Cruise vessels which had berthed at container terminals previously continue to use such facilities. One of such vessels is the "Diamond Princess" which has increased its number of calls at Hong Kong from three in 2008 to six for both 2009 and 2010.

Given that a port's competitiveness hinges on a large number of factors, a study on the waiver fee alone is not critical to the development of cruise tourism in Hong Kong. Our top priority is to ensure that the first berth of the new cruise terminal at Kai Tak will be completed in mid-2013.

(c) We have been in communication with the trade on the waiver fee, and have conveyed their concerns to the relevant departments. Lands Department will continue to monitor the various indicators for waiver fee assessment to ensure they reflect actual market situations.

In parallel, the Hong Kong Tourism Board (HKTB) will step up its overseas promotion. We will also work closely with the cruise industry and keep them abreast of the latest market developments, including the new arrangement allowing Mainland visitors to take cruise vessels homeporting in Hong Kong to travel to Taiwan, so as to encourage them to develop new itineraries using Hong Kong as a homeport. We note that two major cruise operators will deploy vessels to operate cruise itineraries to Taiwan from Hong Kong next year.

We will continue to devise the most appropriate arrangements for cruise vessels requiring alternative berthing to facilitate the embarkation and disembarkation of cruise passengers. HKTB will also stage cultural performances and set up temporary visitor enquiry and service counters for cruise passengers to enhance their experience in Hong Kong.

Ends/Wednesday, November 11, 2009

Issued at HKT 12:58