

LCQ18: Operation and management of Kai Tak Cruise Terminal

Following is a question by the Hon Holden Chow and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (November 1):

Question:

The Kai Tak Cruise Terminal (KTCT) commenced full operation in 2014. The facilities at places within KTCT such as the ancillary commercial area and the taxi passenger waiting area at the transportation area are managed by the terminal operator, while those at places such as the communal areas and the KTCT Park are managed by the relevant government departments. The Tourism Commission under the Commerce and Economic Development Bureau is responsible for monitoring the operation of KTCT. On the other hand, the Director of Audit pointed out in the Report No. 68 of the Director of Audit, which was published in April this year, that the actual number of 191 cruise calls to Hong Kong in 2016 (of which 95 calls were made at KTCT) was 31.3 per cent and 5 per cent lower than the Government's estimated numbers under the "high growth scenario" and the "low growth scenario" respectively. Moreover, more than half of the ancillary commercial area was not let out for business, ancillary transport facilities were inadequate, lifts/escalators malfunctioned repeatedly, and the problem of water leakage/seepage within KTCT remained to be improved. Regarding the operation and management of KTCT, will the Government inform this Council:

(1) of the percentage of the leased area in the total area of the ancillary commercial area of KTCT in each of the past three years;

(2) whether it knows the rental income received by the terminal operator in each of the past three years; the amount of variable rent paid by the terminal operator to the Government and the percentage it represented in the total amount of rental income, in each of the past three years;

(3) as the terminal operator has implemented a number of measures to enhance the ancillary transport facilities at KTCT, including (i) arranging different shuttle bus routes for choices by cruise passengers, (ii) giving prior notification to the taxi trade on the berthing schedule one day before a cruise arrives in Hong Kong, and (iii)

issuing tunnel coupons to taxi drivers who pick up passengers at KTCT, of the current operation of such measures;

(4) whether the Electrical and Mechanical Services Department investigated in the past three years the causes of the repeated malfunctions of lifts/escalators and gave the public a detailed account of the investigation report and the follow-up work; if so, of the details; if not, the reasons for that;

(5) whether, in the past three years, the Architectural Services Department gained an understanding of the causes of the problem of water leakage/seepage within KTCT and worked out a thorough solution; if so, of the details; if not, the reasons for that;

(6) whether the authorities reviewed in the past three years the positioning of the ancillary commercial area of KTCT, such as converting the area into an open space and a composite commercial area with Hong Kong people being the main service targets, so as to attract various types of shops to move in; if not, of the reasons for that; if so, the details, and whether the review outcome will be made public; and

(7) whether the authorities will study the appointment of an independent organisation to operate KTCT on free market principles; whether the authorities will step up the monitoring of the operation of KTCT so as to avoid wasting public resources?

Reply:

President,

Back in the earlier years when the Government was considering the construction of the Kai Tak Cruise Terminal (KTCT), it was projected that the number of ship calls and cruise passenger throughput in Hong Kong as a whole would range from 181 to 258 and from 564 102 to 1 041 031 respectively by 2023. The number of ship calls at KTCT this year is estimated to be 190, and the total number of ship calls in Hong Kong as a whole will reach 250. The cruise passenger throughput in Hong Kong as a whole this year is estimated to exceed 850 000. In other words, the number of ship calls and cruise passenger throughput in Hong Kong as a whole this year will both achieve the then projected performance by 2023.

My reply to the seven parts of member's question is as follows:

(1) The ancillary commercial area at KTCT has a total floor area of 5 600 square metres and is divided into seven shops of different sizes. As at end 2015, five (71 per cent) of the shops with a total area of 4 890 square metres (87 per cent) were leased. As at end 2016, six (86 per cent) of the shops with a total area of 5 245 square metres (94 per cent) were leased. Currently, all the seven (100 per cent) shops of the ancillary commercial area with a total area of 5 600 square metres (100 per cent) were leased. However, one of the merchants who occupies a shop of 2 196 square metres has ceased operation due to its own issues. The terminal operator is taking legal actions to recover possession of the shop. Yet, since the terminal operator is still required to pay rent to the Government, the Government does not suffer any financial loss.

(2) The terminal operator is required to submit to the Government a monthly income statement with breakdown of every rental income item. The amount of variable rent payable by the terminal operator to the Government is set as a percentage (from 7.3 per cent to 34 per cent) of the terminal operator's gross receipts. We cannot disclose information involving the actual receipts of the terminal operator (including the rental income of the ancillary commercial area) as it belongs to internal commercial information of the terminal operator which is confidential.

(3) The Government and the terminal operator have been continuously improving the transport connectivity of KTCT. During ship call days, the terminal operator would arrange free shuttle bus services that are provided by two nearby shopping malls. According to our observation during the last year, the current level of service is sufficient to meet the demand of cruise passengers. Under normal circumstances, passengers do not have to wait before boarding.

Regarding taxi supply, the terminal operator has continued to communicate closely with the taxi trade. In addition to providing relevant information (such as cruise ships arrival time and passenger capacity) to taxi call centres one day in advance of ship calls, the terminal operator also meets regularly with representatives of the taxi trade to furnish them with ship call information. Apart from that, on special occasions, such as when two cruise ships are at berth simultaneously, the terminal operator would distribute tunnel coupons as incentives to increase taxi supply as and when necessary. According to our observation during the past year, taxi supply is adequate. The taxi waiting time for visitors is in general no more than 15 minutes even during the times when two cruise ships are at berth simultaneously.

In addition to the above measures, the transport service operators have, at the request of the Tourism Commission, strengthened the services of green minibus and franchised bus, and introduced ferry service so as to improve the transport connectivity of KTCT. Separately, at the high-level tourism co-ordinating meeting chaired by the Financial Secretary, it was decided that Government departments should further enhance the transport connectivity of KTCT. Specific measures include: (i) expediting the works of Kai Tak Road D3 (Metro Park section), which links KTCT with Kowloon Bay and the vicinity, with a view to commencing construction works in 2018; (ii) introducing a new bus route to connect KTCT and Kowloon Tong as early as in the first half of 2018; and (iii) completing the installation of various sets of signage for guiding drivers to KTCT as soon as possible by the second quarter of 2018.

(4) There are a total of 78 lifts and escalators in KTCT. The Tourism Commission has been working closely with the Electrical and Mechanical Services Trading Fund (EMSTF), which is responsible for the repair and maintenance works, to ensure that these facilities could function properly. Past records indicated that most of the incidents were due to external factors, including improper operation (e.g. misuse of keyswitch) and obstruction by foreign objects, etc. and could generally be rectified within a few hours. Equipment failure constituted only a small portion (about one-third) of all the incident . EMSTF has taken further measures, including (i) improving the operational environment of lifts/escalators; and (ii) educating users on the proper use of lifts/escalators (including enhanced training and ad-hoc training in addition to basic operation training) in order to reduce the number of incident reports. Following the implementation of these measures, the number of incident reports has dropped by 36 per cent from 25 cases in the first half of 2016 to 16 cases (with only five cases related to equipment failure) during the same period in 2017.

(5) The total floor area of KTCT is over 140 000 square metres and the 850-metre long terminal building is surrounded by the sea on its three sides. Therefore, a relatively large surface area of the terminal building is exposed to the threats of inclement weather. Against these circumstances, the Architectural Services Department (ArchSD) has been closely monitoring the seepage/leakage situation of the terminal building during inclement weather since its completion and has been requesting building contractors to carry out corresponding improvement works whenever necessary.

At the request of the Tourism Commission, the ArchSD has formulated multiple measures (including improvement works and enhanced inspections) with corresponding specific timeline to address the seepage/leakage issues. Some of the measures have been completed and the situation has further improved. The number of seepage/leakage cases has reduced by 60 per cent, from 74 cases in the first half of 2016 to 29 cases during the same period in 2017, and the vast majority of which (i.e. 25 out of 29) were minor seepage cases only.

(6) The main purposes of KTCT are to enable berthing of cruise ships and for embarkation/disembarkation of cruise passengers. The ancillary commercial area, as approved by the Town Planning Board, accounts for only four per cent of the total floor area of KTCT and is mainly for serving cruise passengers. Moreover, the Kai Tak Cruise Terminal Park at the rooftop of the terminal building is open for public use year round by the Leisure and Cultural Services Department. In fact, to better utilise the facilities, KTCT is also used for other purposes that would not affect cruise operation, such as hosting of events.

(7) The cruise operation area and the ancillary commercial area of KTCT are currently operated on commercial principles by a terminal operator appointed through open tender. The terminal operator is required to regularly report its work to the Kai Tak Cruise Terminal Management Committee, which is chaired by the Tourism Commission and comprises members from relevant Government departments. The Government has been overseeing the performance of the terminal operator through the Committee effectively, and has requested the operator to make improvements in certain aspects, including the utilisation rate and leasing situation of KTCT. In the past four years, the utilisation, leasing situation and vehicular flow arrangements of KTCT have shown continuous improvements. The Government will continue to supervise the performance of the terminal operator to ensure the optimal use of the facilities of KTCT and its orderly operation.

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