

Government to finance development of new cruise terminal

The Government today (September 30) announced a decision to finance development of the new cruise terminal at Kai Tak to ensure that the first berth would begin operation in mid-2013.

Under this development approach, the Government will design and build the cruise terminal and lease the terminal hardware to a cruise terminal operator for a rent, while retaining ownership of the site and the terminal. When compared with the previous consideration of developing the project by another land tender, this approach will enable the Government to have greater certainty in completing the construction works on time.

The Secretary for Commerce and Economic Development, Mrs Rita Lau, said: "As a result of the last unsuccessful land tender, we announced in July that we planned to re-tender the cruise terminal development project, and that we would consider financing the works for the site formation and government facilities."

"In the last few months, we have continued to engage the trade for exchange of views. We have also been tracking closely the latest market development. The construction cost has surged significantly, and it is difficult to predict the future trend. In view of the recent financial market tsunami, this would add risk and uncertainties to cost and capital financing of the project. We have therefore re-assessed the latest situation and market interest in the bidding for tender, including the likelihood of an abortive tender and its adverse consequences."

"After careful and due consideration, the Government has decided to finance the development of the cruise terminal by taking up the construction of the project, and leasing the facilities to a cruise terminal operator after completion."

"This will enable us to implement the project and commission the first berth in 2013 with greater certainty. We will run the risk of further delay if we test the market again through another land tender, because we would have to wait for the outcome of the re-tender before we could proceed with an alternative approach. The Government has thus decided to develop the cruise terminal through the Public Works Programmes," Mrs Lau explained

"The Government will invite open tender for two contracts. The first for the site formation works, involving the construction of berthing facilities of the cruise terminal. The second is for the cruise terminal building works, including the control point and other supporting facilities. We will prepare these two contracts in parallel to shorten the implementation time. Later, we will apply for funding approval from the Legislative Council. We plan to provide service to the cruise operators as soon as the first berth is completed in mid-2013."

"Under this approach, the Government would retain the ownership of the site and the cruise terminal facilities," Mrs Lau said.

"We plan to lease the cruise terminal to an operator with a tenancy agreement of about seven to 10 years. Through the tenancy agreement, we hope to achieve two objectives: first, to bring in market expertise in operating the cruise terminal, and second, to monitor the performance of the operator. We will draw reference from overseas experience and consult the cruise industry and travel trade in formulating the tenancy arrangement."

"The Government will engage cruise terminal consultants with international experience to draw up requirements for the design and build tender of the terminal. We will also continue to engage the cruise industry and travel trade, in

particular the cruise operators, for developing a cruise terminal which is modern and is able to meet market needs," she said.

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