

## **Information Paper for LegCo Panel on Transport**

### **Proposal to Occupy and Use the Tuen Mun Pier for the Operation of Cross Boundary Passenger Ferry Services**

#### **PURPOSE**

This paper informs members that the Government is inviting the private sector to express interest and submit preliminary proposals to occupy and use the domestic ferry pier at Tuen Mun for the operation of cross boundary passenger ferry services to Macau and cities in the Mainland.

#### **BACKGROUND**

2. In our paper issued to the Panel in May 2002, we informed members that the throughput figures and utilisation rates of the existing cross boundary passenger ferry terminal (“CBFT”) show that there is no immediate need for a new CBFT. However, we were prepared to review the financial implications of the proposal to convert the Tuen Mun Pier to a CBFT, including the possibility of requiring financial contribution from operators interested in operating services at the proposed CBFT, to see if the proposal should be taken forward. We undertook to brief the Panel on the progress at an appropriate time.

#### **LATEST DEVELOPMENT**

3. The proposal will require modifications to the existing Tuen Mun Pier and the support of boundary control personnel and facilities. There are site constraints in the Tuen Mun Pier which have to be addressed. Our preliminary assessment indicated that reinforcement of the pier structure and comprehensive conversion/modification of the interior, including extension and/or addition to the Pier to address the issue of site limitation, would be necessary. Moreover, arrangements would need to be made to ensure proper and efficient management of the proposed CBFT at which up to three berths will be used for the operation of cross boundary passenger services and the remaining berth for operation of domestic passenger services. At present, a domestic passenger ferry service is in operation at the Pier.

4. Having examined carefully the technical and operational feasibility and the financial implications of the proposal, we plan to pursue the proposal on the basis of a partnership between the Government and the private sector if there are sufficient private sector interests in a scheme with the following major elements :

- (a) the Government to provide necessary services such as immigration, customs, police, marine control and port health etc. to support the operation of the proposed CBFT;
- (b) the operator(s) to be required to :
  - (i) be responsible for the necessary works for pier conversion/modification (estimated to be about \$26 million);
  - (ii) pay for the non-recurrent items such as systems, equipment and furniture required for Government Department's operation (estimated to be about \$33 million);
  - (iii) pay an annual fee of not less than \$15 million to the Government;
  - (iv) pay the electricity cost for the operation of Government Departments at the proposed CBFT (estimated to be about \$2.5 million per year); and
  - (v) be responsible for the maintenance and general management of the proposed CBFT (estimated to be about \$8 million per year); and
- (c) subject to availability of space and Government prior approval, the operator may be allowed to sub-let terminal premises designated by Government, berthing slots, advertising and shopping space (if any) and baggage handling services (if any) and to keep fees for such subletting. Revenue arising from duty-free shops, if any, will be shared between the operator and Government.

The Government may consider granting tenancy in respect of the proposed CBFT for 5 years to operate cross boundary passenger ferry services. The tenancy may be renewed by the Government on the same or other terms and conditions, at the sole discretion of the Government.

5. We have decided to invite expressions of interest to gauge the interests and expectations of prospective operators. Interested parties are welcome to submit proposals to the Government from now until 30 December 2002. Proposals should be submitted to the Marine Department. Details of the relevant conditions and arrangements are set out in the Project Outline at **Annex**.

6. We are issuing letters to all existing cross boundary passenger ferry operators and those companies which have expressed interests on the proposal, and we will publish a notice in the Gazette and in newspapers for public information. Copies of the Project Outline can be obtained from the Environment, Transport and Works Bureau, Marine Department and Government Property Agency as well as from the following websites:

- (i) <http://www.etwb.gov.hk/>
- (ii) <http://info.gov.hk/mardep/index.htm>

7. If there is positive response to the invitation for expressions of interest and everything goes smoothly, we intend to conduct a tender exercise in the first half of 2003 to select the operator(s).

Environment, Transport and Works Bureau  
Government Secretariat  
26 November 2002

**Invitation for Expressions of Interest  
to Occupy and Use the Tuen Mun Pier  
for the Operation of Cross Boundary Passenger Ferry Services**

The Government of the Hong Kong Special Administrative Region (the Government) invites expressions of interest and preliminary proposals to occupy and use the Tuen Mun Pier for the operation of cross boundary passenger ferry services. Copies of the Project Outline can be obtained from:

- (a) Environment, Transport and Works Bureau, Reception Counter, 15/F, Murray Building, Garden Road, Central, Hong Kong.
- (b) Marine Department Headquarters Counter, Room 2121, 21/F, Harbour Building, 38 Pier Road, Central, Hong Kong.
- (c) Government Property Agency, Reception Counter, 31/F, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong.

or the Internet at the following addresses:

<http://www.etwb.gov.hk/>

<http://www.info.gov.hk/mardep/index.htm>

Interested parties are requested to submit expressions of interest and preliminary proposals (10 copies each) to Marine Department at the aforementioned address (b) by 5:00 p.m. on 30 December 2002.

This invitation does not constitute any commitment by the Government to any particular party in respect of any expression of interest or proposals which may be submitted, nor does it restrict the manner in which this project may be carried out. The Government does not bind itself to accept any proposal submitted and will not be responsible for any costs or liability incurred by any party in the preparation of its submissions.

A briefing session will be arranged by the Government on 29 November 2002 and a site visit to the Tuen Mun Pier shortly thereafter for interested parties. For details of the briefing and general enquiries about this exercise, please contact the designated officer, Mrs Candy Yeung, Acting Principal Assistant Secretary for the Environment, Transport and Works (Tel. No.: 2189 2106 Fax No. 2537 5246). Interested parties are requested to inform the designated officer of their attendance at the briefing

on or before 28 November 2002. Details about the site visit to the Tuen Mun Pier will be provided at the briefing session.

Environment, Transport and Works Bureau  
26 November 2002

**INVITATION FOR EXPRESSIONS OF INTEREST  
TO OCCUPY AND USE THE TUEN MUN PIER  
FOR THE OPERATION OF  
CROSS BOUNDARY PASSENGER FERRY SERVICES**

**Project Outline**

This outline is issued for information purposes only, with a view to inviting expressions of interest and preliminary proposals to occupy and use the existing domestic pier at Tuen Mun for the operation of cross boundary passenger ferry services.

**1. Introduction**

- 1.1 The Government has received proposals from the private sector to use the Tuen Mun Pier (“the Pier”) to operate cross boundary passenger ferry services to/from Macau and Mainland cities. Such proposals would entail converting the Pier to a boundary control point operating as a cross boundary ferry terminal (“CBFT”).
- 1.2 At present, there are two existing CBFTs with a total of 22 berths for operation of such cross boundary passenger ferry services. They are the Macau Ferry Terminal in Sheung Wan and the China Ferry Terminal in Tsim Sha Tsui. Their combined annual passenger throughput reached 20.7 million in 1996, and was between 16.0 million and 18.0 million in the past five years (1997-2001).
- 1.3 The Airport Authority is pursuing the development of a CBFT on the airport island for the operation of cross boundary ferry services to/from Macau and cities in the Pearl River Delta Region. This proposed CBFT would serve air transit passengers under Phase 1, and also non-transit passengers under Phase 2.
- 1.4 Whilst there is no immediate need to develop another CBFT in Hong Kong, the Government is prepared to consider applications from the private sector for operating cross boundary passenger ferry services at the proposed CBFT in Tuen Mun if an appropriate financial arrangement could be drawn up.

## **2. Tuen Mun Pier**

- 2.1 Construction of the Pier was completed in 1986 on Government land. The Pier was designed for operation of domestic passenger ferry services using vessels of up to 65.5 metres long and displacement of 960 tonnes. It is a double-deck structure with four berths and a total gross floor area (“GFA”) of 4,362 sq m. At present, a domestic passenger ferry service is operating from the Pier using one of the four berths. Up to three berths in the Pier are expected to be available for operation of cross boundary passenger ferry services to/from Macau and ports in the Mainland.
- 2.2 The Government has conducted preliminary assessment on the technical and operational feasibility of converting the Pier to a CBFT which could at the same time allow parallel operation of domestic passenger ferry services from one of its berths. Preliminary findings indicated that, inter alia, reinforcement of the pier structure and comprehensive conversion/modification of the interior, including extension and/or addition to the Pier would be necessary, and the two different types of ferry services (i.e. cross boundary and domestic passenger ferry services) would need to be carefully coordinated.

## **3. Proposed Terms and Conditions**

- 3.1 The Government may consider granting tenancy/tenancies in respect of the whole/parts of the Tuen Mun Pier as a CBFT for 5 years to operate cross boundary passenger ferry services. In line with the arrangements for services operating at the two existing CBFTs, the Government has no intention of regulating the rate of fares to be charged by the operator(s) for its/their cross boundary passenger ferry services. The tenancy may be renewed by the Government on the same or other terms and conditions, at the sole discretion of the Government.
- 3.2 A proponent may submit proposal for use of three berths in the proposed CBFT for operation of cross boundary passenger ferry services. The Government may also consider proposals for use of one or two berths depending on the availability of proposals to take up the remaining berth(s).

- 3.3 The Government will provide Government services such as immigration, customs, police support, marine/CBFT safety and control, and port health.
- 3.4 Embarkation fees and berthing fees will be charged as in the case of the two existing CBFTs. These fees will be payable to the Government and will not be considered as part of the annual fee mentioned in para. 3.5(c).
- 3.5 The Government envisages that for a tenancy covering all the three berths, the tenant will –
  - (a) be responsible for funding, designing and carrying out the necessary works for pier conversion/modification, including e.g. modification/strengthening of fendering system and berthing bollards to accommodate the proposed vessels, extension and/or addition to the Pier, the provision of trunking and cabling for all the systems and equipment required (including that to be used by Government Departments) for the operation of the Pier as a CBFT, the installation of the aforesaid systems and equipment, and the provision of other building services, to the satisfaction of the Government (Note: see para. 4.3 for a rough indication of cost for these works);
  - (b) be required to pay for the non-recurrent items (e.g. systems, equipment and furniture etc.) required by Government Departments for the operation of the Pier as a CBFT (estimated cost at about \$33 million);
  - (c) be required to pay an annual fee of not less than \$15 million to the Government during the term of the tenancy. (Note: Proponents may also propose a different level of fee for each year during the tenancy provided that the annual average amount for the duration of the 5 year tenancy is not less than \$15 million per year. Government will consider whether any such proposal is acceptable.);
  - (d) be required to take up at its cost the maintenance and general management of the proposed CBFT including the provision of security guard services in the restricted area to be designated within the proposed CBFT



(estimated cost at about \$8 million per year). The maintenance responsibilities include cleansing services for the proposed CBFT, the day-to-day maintenance of the interior and all building and building services/electrical and mechanical fittings/fixtures, and to maintain in good operational order all boarding platforms and the systems and equipment of the Marine Department for the operation of the Pier as a CBFT; and

- (e) be required to pay the electricity cost for the operation of Government Departments at the CBFT during the term of its tenancy (estimated cost at about \$2.5 million per year).

3.6 Alternatively, the Government may consider permitting more than one operator to run the cross boundary passenger ferry services and granting more than one tenancy in respect of the three berths if the Government receives proposals for the same, in which event –

- (a) the cost of the pier conversion/modification works, the cost of the non-recurrent items required by Government Departments, the cost for maintenance and general management and the electricity cost for the operation of Government Departments referred to in paras. 3.5(a), (b), (d) and (e) respectively will be apportioned amongst the operators under the respective tenancies;
- (b) one of the operators will –
  - (i) undertake the pier conversion/modification works mentioned in para. 3.5(a) before the grant of any tenancies; and
  - (ii) be responsible for the maintenance and general management of the proposed CBFT mentioned in para. 3.5(d) under a separate agreement; and
- (c) each operator will be required to pay an annual fee to the Government, according to the number of berth(s) allocated to it and on the basis of a total annual fee of not less than \$15 million for the entire CBFT as referred to in para. 3.5(c) above.

- 3.7 Subject to availability of space and the Government's prior approval and para. 3.8, an operator may be allowed to sub-let terminal premises designated by the Government, berthing slots, advertising and shopping spaces (if any) and baggage handling services (if any) and to levy and keep fees for such subletting.
- 3.8 It is Government's intention that revenue arising from duty-free shops (if any) in the proposed CBFT will be shared between the operator concerned and the Government based on a formula to be agreed with the Government. The operation of duty-free shops must be in full compliance with the Dutiable Commodities Ordinance (Chapter 109).
- 3.9 In view of the physical constraints and the handling capacity of the Pier, the Government may impose a condition that ferry service frequency beyond a pre-determined level (e.g. in terms of total number of arriving and departing passengers within any period of 30 minutes) will be subject to Government's prior approval.

#### **4. Design, Construction and Programme**

- 4.1 Subject to section 3, the operator who is responsible for the pier conversion/modifications works is expected to be responsible for the finance, design and implementation of the works.
- 4.2 The operator concerned will be required to appoint qualified professionals for the design, implementation and supervision of the pier conversion/modification works to the satisfaction of the Government, and to submit plans for Government's approval before executing such works.
- 4.3 The operator concerned is to implement comprehensive conversion/modification works in the Pier to the satisfaction of the Government for the accommodation of the general administrative, passenger clearance and various utility areas as detailed in para. 5.3 below for the adequate functioning of the proposed CBFT in compliance with relevant laws of the HKSAR. Based on the information currently available, it is estimated that a rough indication of cost for the conversion/modification works within the existing

infrastructure of the Pier will be about \$26 million. Additional cost may have to be incurred by the operator if extension and/or addition to the existing pier structure is required.

## **5. Development Parameters**

- 5.1 The proposed CBFT is to be provided through in-situ conversion of the Pier.
- 5.2 There shall be physical segregation of the three berths to be used for operation of cross boundary passenger ferry service from the remaining berth to be designated for domestic ferry service operation.
- 5.3 For indication purposes only, the total GFA requirement of the proposed CBFT is about 5,030 sq m (rounded to the nearest tenth) –

General administrative areas – 1,290 sq m

Passenger clearance areas – 3,370 sq m

General utility areas – 370 sq m

Another 1,000 sq m is required for operation of the domestic ferry service.

- 5.4 The GFA of the existing two-storey pier structure is 4,362 sq m. Proponents are required to put forward suggestions with reasonable details in their proposals to address the site limitation, e.g. enhancement of layout efficiency, including extension of the existing pier structure and/or construction of an additional floor to the existing pier structure.
- 5.5 The operator should conduct his own survey to verify the dimensions of the site prior to submission of an Expression of Interest and for the purpose of preparation of a design proposal for the conversion/modification works at the Pier.

## **6. Legal Aspects**

- 6.1 The operation of the cross boundary passenger ferry services at, and the management and control of the proposed CBFT will be subject to the relevant laws of the HKSAR.

- 6.2 The relevant legal requirements under the Shipping and Port Control Ordinance (Chapter 313) governing the operation of cross boundary ferry terminals will apply.
- 6.3 The relevant legal requirements under the Immigration Ordinance (Chapter 115) governing the immigration procedures etc. of cross boundary passenger ferry operation will apply.
- 6.4 The relevant legal requirements under the Customs and Excise Service Ordinance (Chapter 342) and those specified in Schedule 2 to that Ordinance which governs customs clearance at a CBFT will apply.
- 6.5 The relevant legal requirements under the Quarantine and Prevention of Disease Ordinance (Chapter 141) which governs the prevention of importation of quarantinable diseases at control points will apply.

## **7. Other Relevant Aspects**

- 7.1 Where there is sub-letting of berthing slots to another party, the operator(s) concerned will be required to collect berthing fees and embarkation fees from the owners and/or masters of ferry vessels on behalf of and at no cost to the Government.
- 7.2 It is the Government's intention to apply the Boundary Facilities Improvement Tax (as and when approved by the Legislative Council) to departing passengers at all CBFTs, and the Government intends to require the operator(s) to collect this tax on behalf of the Government.
- 7.3 The Government has no immediate plan for any major changes to the existing provision of public transport facilities and services connecting the Pier with other areas of Hong Kong.

## **8. Information and Assessment to be Provided in Submissions**

- 8.1 Proposals should include details on the following –
  - 8.1.1 Number of berths required

- 8.1.2 Expected operating period
- 8.1.3 Service destinations and whether any permission has been granted by the relevant authorities for the proposed ferry services and copies of the relevant supporting documents
- 8.1.4 Type, number and capacity of vessels to be deployed
- 8.1.5 Operating hours
- 8.1.6 Service frequency
- 8.1.7 Expected patronage with the following forecasts –
  - (a) patronage for the peak hour in a busy day;
  - (b) patronage for the peak hour in a normal weekday;
  - (b) patronage for the busiest day in a year; and
  - (c) annual patronage in the next 5 years.
- 8.1.8 An assessment of the impact of operation of the proposed ferry services on –
  - (a) the utilisation of the two existing CBFTs; and
  - (b) the utilisation of the existing land-based boundary crossing points at Lo Wu, Lok Ma Chau, Sha Tau Kok and Man Kam To respectively.
- 8.1.9 An assessment of the impact of the proposed operation of cross boundary ferry services at Tuen Mun Pier on the land-based traffic in Tuen Mun.
- 8.1.10 Preliminary proposal on the broad design and construction programme for conversion of the Pier to a CBFT and expected time to complete the conversion.

8.1.11 In case the proposal is for the use of less than three berths, whether the operator is willing to accept the responsibilities mentioned in para. 3.6(b).

8.1.12 Financial proposals in relation to para. 3.5, including the amount of annual fee under para. 3.5(c), or the annual fee under para. 3.6(c), whichever is applicable.

8.1.13 Arrangements for the maintenance and general management of the CBFT and the provision of security guard services in the restricted area.

8.1.14 Arrangements for sub-letting berthing slots to other parties if such sub-letting is allowed, including criteria for allocating berthing slots and rental rate.

8.1.15 Preliminary proposal on the sharing of revenue arising from duty-free shops (if any) in the proposed CBFT with the Government.

8.1.16 Any other operational/technical details

## **9. Next Steps**

9.1 The Government will, after the close of the invitation period for submission of expressions of interest and preliminary proposals and having regard to the information and proposals submitted, decide as soon as possible whether or not to proceed with a tender exercise for this project.

## **10. Disclaimer**

10.1 This invitation merely represents a broad outline of the Government's present conception of the operation of cross boundary passenger ferry service from the proposed CBFT. Nothing herein contained shall be construed as committing the Government to converting the Pier to a CBFT or to any particular method of awarding the right to operate such ferry service or to occupy and use the Pier for the said purpose or to award such right at all.

10.2 The Government will not be responsible for any costs or liability incurred by any party in the preparation of its

submissions. All information contained in this document is to facilitate interested parties to prepare their submissions only, and the Government does not warrant as to the correctness, accuracy or completeness of such information. Interested parties should conduct their own due diligence before making submissions.

- 10.3 All of the estimated cost/fee figures mentioned in paras. 3.5 and 4.3 above are indicative figures only. Adjustments may be made to such figures if a tender exercise for this project is to proceed as mentioned in para. 9.1.
- 10.4 Each proponent shall, upon submission of his expression of interest and preliminary proposal, be deemed to have granted to the Government an irrevocable non-exclusive and royalty-free licence to use, adapt and modify his expression of interest and preliminary proposal and all intellectual property rights (including, without limitation, copyright, patents, designs, trade marks and typographical rights) subsisting in such expression of interest and preliminary proposal for all purposes in respect of or in connection with a tender exercise mentioned under para. 9.1 hereof.

Environment, Transport and Works Bureau  
26 November 2002