

For information

Legislative Council Panel on Economic Development

Update on the Development of a New Cruise Terminal at Kai Tak

Purpose

This paper informs Members of the open tender for the development of a new cruise terminal at Kai Tak and other related preparatory work.

Background

2. We briefed the then Economic Services Panel in November 2006 on the Government's plan to proceed with the development of a new cruise terminal at the southern end of the former runway in the Kai Tak Development. Since then, we have been engaging the market on the development parameters of the new cruise terminal. In August 2007 we updated the Panel of the result of the market engagement and the proposed development parameters of the new cruise terminal. On return from a duty visit to overseas cruise terminal facilities, Members of the LegCo Panel on Economic Services and Panel on Commerce and Industry¹ also debriefed the Administration on their observations and findings in October 2007. We have taken these views into account in finalizing the tender documents.

Open tender

3. The Government will invite open tender on 9 November for the development of a new cruise terminal at Kai Tak. The successful

¹ The LegCo Panel on Commerce and Industry and Panel on Economic Services conducted a 12-day overseas duty visit to Dubai, Europe and the United States from 21 August to 1 September 2007. The purpose of the visit is for Members to obtain first-hand information on the development of convention and exhibition facilities and cruise terminal facilities in these places.

tenderer is expected to design, build, operate, manage and maintain the new cruise terminal for 50 years and begin operating the first berth in February 2012. The tender will close on 7 March 2008.

4. Situated on a 7.6-hectare land (the site), the new cruise terminal will comprise, inter alia-

- (a) about 30 000 square metres for baggage handling area, passenger waiting/queuing area, customs, immigration and health quarantine area and accommodation for other Government departments;
- (b) not more than 50 000 square metres in the cruise terminal building which may be used for such purposes as hotels, retail, convention halls, offices, shops and eating places; and
- (c) not less than 22 000 square metres for a landscaped deck for public use.

5. To ensure that the successful tenderer would have the required experience in operating the new cruise terminal, tenderers are expected to fulfill a minimum requirement of three years' immediate experience in operating a cruise terminal with a minimum annual throughput of 200 000 embarking and disembarking homeport passengers.

6. Information on the tender will be available on Lands Department's website (<http://www.landsd.gov.hk/>) tomorrow. A designated webpage providing related information on the Project will also be launched on the Tourism Commission's website (<http://www.tourism.gov.hk/>) tomorrow.

7. The Government will adopt a two-envelope tender approach, with 70% weighting to be given to the quality aspects and 30% to the premium aspects in the assessment of the bids. The Tender Assessment Panel, chaired by the Commissioner for Tourism and comprising representatives of the relevant Government bureaux and

departments, will assess the technical aspects as well as the operation and management aspects of the bids. Key technical aspects for assessment will include, for example, the robustness of the construction programme and the efficiency and effectiveness of the cruise terminal building layout. Major operation aspects will include the service pledges on operation and management, and proposed disclosure arrangements. The assessment criteria are set out in the tender documents.

8. The Tender Assessment Panel would be underpinned by international experts appointed by the Tourism Commission and Civil Engineering and Development Department. The experts will act as consultants and provide inputs to the Panel in cruise terminal operation and engineering aspects.

9. Independent advisors have been invited to advise the Panel on specific aspects. They are the Honourable Jeffrey Lam, Chairman of this Panel and Deputy Delegation Leader of the above mentioned duty visit, and Mr. Anthony Lau, Executive Director of the Hong Kong Tourism Board (HKTB), who will advise the Panel the tourism and marketing aspects of the tender submissions. We have also invited the Hong Kong Institute of Architects and Hong Kong Institution of Engineers to each nominate a member to advise the Panel the architectural and engineering aspects.

10. The tender will follow Government tendering procedures, with the tender results to be endorsed by the Central Tender Board. In addition, the Independent Commission Against Corruption will participate as an observer to the Panel to ensure integrity of the tendering process and adequate safeguards against corrupt practices, and provide timely corruption prevention advice to the Panel, in light of the complexity of the tender.

11. To facilitate monitoring of the operation of the new cruise terminal, the successful tenderer will be required to enter into a Service Agreement with the Government. The Service Agreement incorporates the successful tenderer's proposals and service pledges for the operation and management of the new cruise terminal. It will be co-terminous

with the land lease.

Development timetable

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

Close invitation for tenders upon completion of the necessary statutory procedures ²	7 March 2008
Execution of the land lease and Service Agreement	2 nd quarter/2008
Commission of the first berth	February 2012

Market engagement

13. The Government attaches equal importance to the development of hardware as well as software facilities for the cruise market. In this regard, we shall establish an Advisory Committee on Cruise Industry (ACCI) to solicit advice on measures to enhance the development of Hong Kong as a regional cruise hub. It will bring together key players in the cruise market, tourism industry, and the HKTB.

14. Matters of priority for the ACCI to consider would include -

- (a) co-operation with neighbouring coastal provinces in the Mainland on cruise itinerary development;
- (b) promotion of cruise tourism in Hong Kong and the Asia-Pacific region;
- (c) entry of cruise vessels (and their passengers) homeporting

² These include the statutory authorization and approvals under the Environmental Impact Assessment Ordinance (Cap 499) and the Foreshore and Sea-bed (Reclamations) Ordinance (Cap 127).

in Hong Kong to neighbouring ports of call in the Mainland;

- (d) interim berthing arrangements for cruise vessels before 2012 i.e. before commissioning the first berth in the new cruise terminal at Kai Tak in 2012; and
- (e) supply of talent for the cruise market and related industries, including training new talent, retaining existing talent and attracting overseas talent.

15. Members are invited to note the contents of this information paper.

Tourism Commission
Commerce and Economic Development Bureau
8 November 2007