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來函檔號 Your Ref. :

電話號碼 Tel. No.: 2810 3137

傳真號碼 Fax No.: 2801 4458

By Fax : 2869 6794

9 August 2007

Ms Connie SZETO  
Chief Council Secretary  
LegCo Secretariat  
3rd floor  
Citibank Tower  
3 Garden Road  
Hong Kong

Dear

*Connie*

**Market Feedback on the Development of  
a New Cruise Terminal at Kai Tak**

Attached please find an Information Note (both Chinese and English) on the above subject, for Members' information.

Since the announcement of Government's plan to develop a new cruise terminal at Kai Tak last October, the Tourism Commission (TC) has been engaging the market and relevant professional bodies on the proposed development parameters for the new cruise terminal. In April, we entered a new phase of market engagement by uploading to TC's website information on the proposed development parameters and inviting market feedback. We also held a number of exchange sessions with the cruise market, tourism industry, relevant trade bodies and professional organizations. This phase of market engagement has just been completed.

The Information Note provides a summary of the market feedback, as well as the proposed key development parameters for Members' reference. We believe that the information would facilitate the market in preparing for the tender exercise scheduled for November 2007, and provide timely background information for Members' study trip to overseas cruise terminals later this month.

We value Members' feedback from the study trip, and stand ready to brief the ES Panel after Members have sight of the Information Note and perhaps after their study trip. We also appreciate an early feedback from Members after the study trip, which would facilitate our finalisation of the tender documents by early October 2007.

Regards,



( Miss Patricia So )  
Tourism Commission

c.c. Mr W M Chan, CEO (Resource Management), CEDB  
(Fax : 2521 8786)

## **For information**

### **Legislative Council Panel on Economic Services**

#### **Market Feedback on the Development of a New Cruise Terminal at Kai Tak**

#### **Purpose**

This paper informs Members of market feedback on the development parameters for the new cruise terminal at Kai Tak.

#### **Background**

2. We last briefed the Panel in November 2006 on the Government's plan to proceed with the development of a new cruise terminal on a site of 7.6 hectares at the southern end of the former runway in the Kai Tak Development (the Site), as follows –

- (a) an incremental approach will be adopted in developing the new cruise terminal at the Site;
- (b) the Government will offer the Site to the market through an open land tender. The successful bidder will be expected, at his own cost, to form the Site as well as design, build, operate and maintain throughout the 50-year term of the land lease the following facilities in and adjacent to the cruise terminal building –
  - (i) apron facilities;
  - (ii) supporting facilities; and
  - (iii) commercial area.
- (c) the successful bidder will complete the apron and supporting facilities first, and have the flexibility to develop the

commercial area as part of the cruise terminal building within a fixed period; and

- (d) the Government will start to engage the tourism industry, in particular the cruise market, to prepare for the tender exercise to develop the new cruise terminal referred to in (b) above.

## **Market Engagement**

3. Since the announcement of the way forward for the new cruise terminal project in October 2006, the Tourism Commission (TC) has been actively engaging relevant stakeholders, including key players in the regional and international cruise market, local tourism industry, concerned trade bodies and professional organizations to seek their views on the development parameters of the new cruise terminal. Based on the comments received, we have proposed some development parameters for the new cruise terminal, and uploaded onto TC's website in April 2007 for more focused engagement with the market<sup>1</sup>.

4. With market feedback, we believe that our mission should be to develop a world-class cruise terminal with state-of-the-art facilities which are user-friendly, and provide efficient and quality services. This would help develop Hong Kong into a leading regional cruise hub. The facilities and services provided by the new cruise terminal should have built-in flexibility to allow for adjustments to meet the need of different types of cruise vessels and different cruise market segments. They should form part of an overall experience of a cruise passenger and add value to a cruise vacation.

5. Specifically, the major cruise operators and tourism industry players advised us that the new cruise terminal should -

- (a) have built-in flexibility to allow the berthing of different types and sizes of cruise vessels including mega cruise

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<sup>1</sup> The Tourism Commission has uploaded an Explanatory Note onto its website since 10 April 2007 for market comments. The Explanatory Note has served as a basis for the Tourism Commission to engage the cruise market, tourism industry, relevant trade bodies and professional organizations.

vessels commissioned up to date, and meet the need of different operational modes adopted by cruise operators for different market segments;

- (b) provide user-friendly facilities and services to all potential users, including the cruise passengers, non-cruise tourists and the public;
- (c) offer the cruise passengers and other visitors a good experience. Once the passengers enter the terminal, they should feel being welcomed through the check-in, baggage handling, security screening, embarkation and disembarkation procedures; and
- (d) become an iconic structure projecting the image of Hong Kong as Asia's world city.

6. In April and May 2007, TC conducted a series of exchange sessions with the cruise market, including the major cruise operators and agents, tourism industry, concerned trade bodies and professional organizations. These market engagement efforts are supported by experts of the cruise industry and engineering fields, appointed respectively by TC and the Civil Engineering and Development Department to study and advise relevant development parameters of the new cruise terminal. A summary of market feedback on major issues is set out at **Annex A**.

### **Proposed Development Parameters**

7. Based on market feedback, and with latest advice from cruise experts and engineering experts, we have proposed some development parameters for the new cruise terminal. A summary of the key parameters is at **Annex B**, which will form the basis of the tender documents for the project. In addition to the land lease, we intend to require the successful bidder to enter into a Service Agreement with the Government in respect of the performance pledges made in his bid, in particular those for the operation and management of the new cruise terminal. The Service Agreement will be co-terminous with the land

lease. It will require the successful bidder to make available to the public throughout the term of the lease certain information to enhance the transparency of the operation and management of the new cruise terminal.

### **Development timetable**

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

Obtain approval of the draft Kai Tak Outline Zoning Plan and invite tenders	4 <sup>th</sup> quarter/2007
Close invitation for tenders upon completion of the necessary statutory procedures	1 <sup>st</sup> quarter/2008
Execution of the land lease and Service Agreement	2 <sup>nd</sup> quarter/2008
Commission of the first berth	February 2012

9. Members are invited to note the market feedback and proposed development parameters for the new cruise terminal at **Annexes A and B**.

Tourism Commission  
Commerce and Economic Development Bureau  
August 2007

**Development of a New Cruise Terminal at Kai Tak**  
**Summary of Market Feedback and Administration's Response**

Market Comments on Major Issues*	Administration's Response
1. Development of a New Cruise Terminal at Kai Tak ("the Project")	
<p>(a) Respondents generally expressed support for the Project. They considered a new cruise terminal was required to help Hong Kong capture the growth of the cruise market in the Asia Pacific Region and sustain its tourist and services industries.</p> <p>(b) Some regarded that Kai Tak was an optimal location for the proposed new cruise terminal in view of its good potential for expansion. A few respondents considered the southern end of the former runway an ideal location for building an iconic structure, and expected the terminal to become a new landmark in Hong Kong. Others expressed concerns that the alongside berth would block the harbour view and restrict public access to the waterfront, and suggested a finger pier approach. Some supported the provision of a landscaped deck for public enjoyment of the waterfront.</p> <p>(c) A few respondents were concerned about the attractiveness and financial viability of the project, and suggested increasing the commercial elements and Government providing funding support.</p>	<ul style="list-style-type: none"> <li>▪ During public participation and consultation in the planning review exercise for the Kai Tak Development, the public generally supported the location of the cruise terminal at the southern end of the former runway under a "no reclamation" approach.</li> <li>▪ To meet the community aspiration to enjoy the waterfront, bidders for the Project will be required to submit proposals for a landscaped deck above the cruise terminal allowing public access. The landscaped deck will be connected to the waterfront promenade and the Runway Park. A minimum area for the landscaped deck will be specified in the tender invitation. We are inclined to set this minimum requirement at 22 000m<sup>2</sup> or 44% of the maximum allowable non-domestic Gross Floor Area to be developed, to be delivered in three phases, say no less than 25% in 2012, 35% in 2016 and 40% in 2020 respectively to allow flexibility for the design and completion of the commercial area. The design of the landscaped deck, including public accessibility, will be assessed in the tender. We expect this phasing arrangement would not compromise the iconic outlook of the terminal as the first berth is commissioned.</li> </ul>
2. Flexibility to Handle Different Cruise Vessels and Market Segments	

Market Comments on Major Issues*	Administration's Response
<p>(a) Respondents, especially those from the cruise market, in general supported the Government's proposal that the facilities and services provided by the new cruise terminal should have built-in flexibility to allow for adjustments to meet the need of different types of cruise vessels and different cruise market segments.</p> <p>(b) The cruise market generally agreed to the berthing parameters proposed by the Tourism Commission ("TC") in April 2007.</p>	<ul style="list-style-type: none"> <li>▪ We will specify as a tender requirement that facilities for the new cruise terminal should have flexibility to serve different types and sizes of cruise vessels, including mega cruise vessels.</li>   <li>▪ We note the market support and will take it into account when finalizing the tender arrangement.</li> </ul>
<p>3. Commissioning of the First Berth</p>	
<p>(a) The cruise market supported the early completion of the first berth to cater for market demand, and the requirement of an "On Demand Bond". However, there was market feedback that the construction programme was challenging.</p> <p>(b) A respondent proposed Government to allow the market to have sight of a reference design before the tender exercise.</p>	<ul style="list-style-type: none"> <li>▪ To expedite the development of the Project, the Government would proceed in parallel with the various statutory processes under the Foreshore and Sea-bed (Reclamation) Ordinance and the Environmental Impact Assessment Ordinance for the site formation works so that the construction can commence as soon as possible after the award of tender.</li> <li>▪ To ensure that the first berth would be commissioned according to schedule, the successful bidder would be required to provide an "On Demand Bond" to the Government as a financial disincentive against delays.</li> <li>▪ Government intends to upload to TC's website a reference design before the issue of tender in order to facilitate early preparation for the Project by potential bidders.</li> </ul>
<p>4. Commissioning of the Second Berth</p>	

<b>Market Comments on Major Issues*</b>	<b>Administration's Response</b>
<p>The cruise market and tourism industry considered that the successful bidder should have the flexibility to commission the second berth earlier than 2015 to berth smaller vessels in light of the growing market demand.</p>	<ul style="list-style-type: none"> <li>▪ According to our cruise experts, Hong Kong would need an additional berth from 2009 to 2015, and 1 to 2 more berths beyond 2015. For the second berth to handle mega cruise vessels, a submarine gas mains would need to be diverted beforehand. We intend to allow the successful bidder to commission the second berth even before the diversion of the gas mains, to serve smaller cruise vessels, taking into account implications such as traffic, marine safety, etc.</li> </ul>
<p>5. Tender Assessment</p>	
<p>(a) Respondents expressed no particular comment on the proposed weighting for financial (30%) and non-financial (70%) criteria.</p> <p>(b) Respondents generally supported the engagement of independent expert advisors by the Government for assessing the bids.</p>	<ul style="list-style-type: none"> <li>▪ We note the market support and will take it into account when finalizing the tender arrangements.</li> </ul>
<p>6. Proven Track Record of Potential Bidders</p>	
<p>(a) The cruise market and travel industry generally supported the introduction of an entry requirement for bidders to demonstrate their experience in operating cruise terminals.</p> <p>(b) A number of cruise operators suggested variation to the requirements on proven track record proposed by TC in April 2007 by, for example, lowering the requirements on</p>	<ul style="list-style-type: none"> <li>▪ To ensure that the new cruise terminal would provide a high standard of services to users, we consider it necessary to set an entry requirement for bidders on proven track record in running relevant cruise terminal facilities.</li> <li>▪ In setting the minimum requirement, we aim to strike a reasonable balance between asking the successful bidder to demonstrate his</li> </ul>

Market Comments on Major Issues*	Administration's Response
<p>annual passenger throughput.</p> <p>(c) A respondent raised concern that requirements on proven track record for bidders will limit participation in the tender.</p>	<p>commitment to delivering quality cruise terminal facilities and operation, and encouraging greater local and overseas participation in the tender exercise. We are inclined to set the requirement at 3 years' immediate experience in operating a cruise terminal with an annual throughput of at least 200 000 homeport passengers.</p>
<p>7. Land Use, Planning and Infrastructure</p>	
<p>(a) Some respondents urged for early enhancement of the connectivity between the new cruise terminal and Kwun Tong, including the construction of a bridge and a rail-based environmental friendly transport system.</p> <p>(b) A respondent suggested adopting a two-stage tendering process involving a conceptual design competition and a</p>	<ul style="list-style-type: none"> <li>▪ The draft Kai Tak Outline Zoning Plan has allowed for the development of a rail-based environmental friendly transport system. This planning concept will be subject to detailed study and viability assessment.</li> <li>▪ The technical feasibility of the proposed bridge link to Kwun Tong is currently under study and investigation. The bridge link to Kwun Tong will be constructed at a high level, which could be 40 metres, to allow passage of vessels to the Kwun Tong Public Cargo Working Area and Kwun Tong Typhoon Shelter. Any need for reclamation for the bridge piers and facilities for protection against collision of vessels will need to be justified with regard to the overriding public need test, pursuant to the judgment of the Court of Final Appeal made in 2004 on the application of the Protection of the Harbour Ordinance.</li> <li>▪ The successful bidder will be required to take into consideration the Government's planning intention for the movement of visitors inside and around the new cruise terminal.</li> <li>▪ For developing a world-class cruise terminal, its architectural design will have to cater for the functional and operational needs of</li> </ul>

Market Comments on Major Issues*	Administration's Response
<p>public exhibition, followed by detailed design, build and operation bidding.</p>	<p>the cruise vessels and passengers, custom, immigration and health quarantine facilities, as well as the practical requirements of other users and service providers of the terminal. Because of the technicalities involved, a design-build-operate approach for the terminal will ensure seamless interface between various phases. Instead of competition only for the conceptual design, it will be more appropriate and prudent to conduct an open tender exercise for the market to compete on all relevant aspects, including detailed design, functional and technical aspects, as well as performance pledges for operating the terminal. Design will only be one of the many aspects for assessment in the tender bids.</p> <ul style="list-style-type: none"> <li>▪ Besides, we are under a tight timeframe to develop the first berth by 2012 to meet market demand. A two-stage tendering process will bring inevitable delay, and we cannot ensure that the winning design would meet the operating needs.</li> <li>▪ This notwithstanding, in view of the prominent location of the cruise terminal at the waterfront, the bidders are expected to submit proposals with iconic design being aesthetically pleasing and in harmony with the surroundings. We are prepared to invite independent advisors to support the assessment process in this aspect.</li> </ul>
<p>8. Operation and Management Issues</p>	
<p>(a) The cruise market supported an “Open to all” requirement in the allocation of berthing slots, based on general</p>	<ul style="list-style-type: none"> <li>▪ We will set out the requirement of “Open to all” in the land lease. Besides, we intend to ask bidders to propose berthing arrangements under their business plans, under the “Open to all” principle, to be</li> </ul>

Market Comments on Major Issues*	Administration's Response
<p>industry practice of –</p> <ul style="list-style-type: none"> <li>i) First-come-first-served;</li> <li>ii) Allocation of business according to volume;</li> <li>iii) Long-term contract; and</li> <li>iv) Priority of homeport over port-of-call.</li> </ul> <p>A respondent also suggested giving priority to signature cruise vessels such as Queen Mary 2.</p> <p>(b) Cruise operators had diverse views on whether a conveyor belt system would be necessary for baggage handling. Some cruise operators expressed concerns that such a system might be too expensive/inflexible/non-user friendly.</p> <p>(c) Encouraging transparency in operation and management was generally supported. There would be a need to oversee the terminal operation and management on an on-going basis. A respondent, however, raised concern that encouraging transparency would result in unfair competition with the existing cruise terminal operator.</p>	<p>assessed in the tender exercise.</p> <ul style="list-style-type: none"> <li>▪ We intend to allow bidders the flexibility in designing the baggage handling system to be adopted. They should, however, justify their preferred design and provide performance pledges relating to baggage handling for tender assessment.</li> <li>▪ We intend to require the successful bidder to enter into a Service Agreement with the Government in respect of the operation and management of the new cruise terminal. The Service Agreement will be co-terminous with the land lease. It will require the successful bidder to make available to the public throughout the term of the lease certain information to enhance the transparency of his operation and management of the new cruise terminal.</li> <li>▪ We consider it reasonable to impose requirements on other cruise terminal operators in Hong Kong, as appropriate, to ensure fair competition.</li> </ul>
<p>9. Use of On-shore Power</p>	

Market Comments on Major Issues*	Administration's Response
<p>(a) A few respondents proposed the inclusion of the use of on-shore power in the design requirement to generate electricity for hotelling operation while the vessel was at berth.</p> <p>(b) Cruise operators indicated that at present only very few cruise vessels were equipped to use on-shore power during berthing. While some cruise operators had adopted a policy to retrofit existing vessels or build in the flexibility to use on-shore power in new cruise vessels being ordered/constructed, other cruise operators had no such plan. Feedback from cruise operators was that there was no international resolution for cruise vessels to use on-shore power for hotelling operation.</p> <p>(c) A major cruise operator commented that if on-shore power was expensive and its use was mandatory, it might re-evaluate the destination or hubbing potential of the cruise terminal.</p>	<ul style="list-style-type: none"> <li>▪ At present, on-shore power facilities are only available in three terminals in Juneau/Alaska, Seattle/Washington and Los Angeles/California. Most cruise vessels are not equipped with compatible facilities. International standards in this area are evolving. In anticipation of its possible wider use by the cruise industry in future, the Government will require the successful bidder to make provision for the use of on-shore power in his design of the new cruise terminal. Upon demand by Government, the successful bidder will have to provide the equipment and require cruise vessels with complementary facilities to use on-shore power. The Government will monitor the international development trend in the use of on-shore power for cruise vessels in order to decide when to make the use of on-shore power mandatory.</li> </ul>
<p>10. Industry Engagement and Marketing</p>	
<p>(a) The cruise market in general supported the establishment of a market consultation forum by the successful bidder to engage the market. A cruise operator commented that the successful bidder should have more flexibility to design his industry engagement plan and information disclosure policy to cater for changes in the cruise market over time.</p> <p>(b) Some respondents suggested that the successful bidder should work with the Hong Kong Tourism Board (“HKTB”) to develop cruise itineraries and attract foreign</p>	<ul style="list-style-type: none"> <li>▪ We intend to require the successful bidder to enter into a Service Agreement with the Government. The Service Agreement will be co-terminous with the land lease, and seek to bind the lessee on major performance requirements, such as reporting to Government, market disclosure and industry engagement, as well as the performance pledges with regard to cruise terminal operation and management made in his bid. Through these requirements, the Government and the market will be in a position to monitor the performance of the successful bidder.</li> </ul>

<b>Market Comments on Major Issues*</b>	<b>Administration's Response</b>
<p>cruise operators. HKTB supported close liaison with the successful bidder in future to promote Hong Kong as a regional cruise hub.</p> <p>(c) A tourism industry member suggested early development and implementation of promotion plans for different markets. Different fora should be established with participation of senior representatives from all sectors of the cruise market and tourism industry to collect views and suggestions on cruise business development.</p>	<ul style="list-style-type: none"> <li>▪ The successful bidder will be required to engage HKTB and the tourism industry in developing his business and marketing plans, with a view to joining force with the tourism industry to promote Hong Kong as a leading regional cruise hub. His performance pledges in this regard will be included in the Service Agreement.</li> <li>▪ TC, together with HKTB, is exploring cooperation opportunities with the China National Tourism Administration and tourism authorities of neighbouring coastal provinces including Fujian, Guangdong and Hainan, to develop cruise itineraries and joint promotion strategies for overseas markets. The successful bidder will be expected to provide input to this process.</li> </ul>

\*The Tourism Commission has received 23 written submissions, as well as arranged exchange sessions with key stakeholders from the cruise market, tourism industry, relevant trade bodies and professional organizations, from April to June 2007. The written submissions include 11 from members of the public, four from tourism and construction industries, five from major cruise operators, and the remaining three respectively from the Democratic Alliance for the Betterment and Progress of Hong Kong, the Hong Kong Institute of Architects and the Hong Kong Tourism Board.

Tourism Commission  
Commerce and Economic Development Bureau  
August 2007

## **Proposed Development Parameters for the New Cruise Terminal**

[Note: An Explanatory Note on the proposed development parameters for the new cruise terminal has been uploaded onto the website of Tourism Commission: <http://www.tourism.gov.hk>]

### **MISSION**

To develop Hong Kong into a leading regional cruise hub through the provision of a world-class cruise terminal with state-of-the-art facilities which are user-friendly, and provide efficient and quality services.

### **OBJECTIVES**

The new cruise terminal should –

- (a) have built-in flexibility for berthing different types and sizes of cruise vessels, in particular mega vessels, and meet the need of different cruise operators;
- (b) form part of an overall experience of a cruise passenger and add value to a cruise vacation;
- (c) offer other visitors a good experience by providing user-friendly facilities and services; and
- (d) become an iconic structure of Hong Kong.

### **SCOPE OF THE PROJECT**

The Project include –

- (a) 2 alongside berths - 850 m long
- (b) Apron Facilities - including apron area, fender and mooring systems, etc.
- (c) Supporting Facilities - including Customs, Immigration and Health Quarantine (CIQ) facilities, baggage handling system, ticketing offices, etc.

- (d) Commercial Area - maximum non-domestic Gross Floor Area (GFA) of 50 000 m<sup>2</sup> inside cruise terminal building.

## **ENTRY REQUIREMENT**

### **Proven track record**

- Bidders have to meet a minimum requirement of 3 years' immediate experience in operating a cruise terminal with a minimum annual throughput of 200 000 homeport passengers.
- Bidders can satisfy the experience requirement by showing that their key personnel/senior management, or their associates/partners, or contractors have sufficient relevant experience.
- To ensure that there would be qualified personnel in operating the new cruise terminal, any changes in the senior personnel within the first 3 years of the operation of the first berth would require the approval of the Government.

## **KEY DEVELOPMENT PARAMETERS**

### **(1) Commissioning of the first berth and second berth**

#### **(a) First berth**

- Deadline for commissioning the first berth would be set at February 2012. The successful bidder would be required under the tender notice to provide an "On Demand" Bond of 5% of the estimated construction cost of the relevant facilities to the Government as a financial disincentive against any delays.

#### **(b) Second berth**

- The second berth should be commissioned within three years upon a demand letter issued by the Director of Lands, after the Government has taken into account the cruise market demand and progress made by the Hong Kong and China Gas Company in diverting the submarine gas mains underneath the approach channel for the

second berth. The target date is beyond 2015.

- The successful bidder may also commission the second berth earlier to handle smaller cruise vessels, subject to Government's approval which would take into account various implications such as traffic conditions and marine safety, etc.

## **(2) Completion of the Commercial Area**

- The successful bidder is given the flexibility to complete the GFA of the Commercial Area in phases by 2020 in view of the lead time for the whole Kai Tak Development to mature.

## **(3) Technical parameters**

### **(a) Flexibility of the new cruise terminal**

- The Apron Facilities should be designed with flexibility to berth cruise vessels of different sizes and types, and of different cruise operators. The bidders will be required to propose a design that can provide flexible services to different cruise operators.

### **(b) Berthing parameters**

- The new cruise terminal should be able to berth different types and sizes of cruise vessels, including mega cruise vessels commissioned up to date of at least the following parameters -
  - Gross Tonnage: 220 000 tonnes
  - Displacement Tonnage: 110 000 tonnes
  - Length Overall: 360 m
  - Beam: 47 m
  - Draft: 10 m
  - Passenger capacity: 5 400
  - Crew capacity: 1 200

### **(c) Transport provisions**

- The successful bidder will be required to provide ground transport facilities underneath the cruise terminal building to serve the public, including in particular the cruise passengers. There will be specific requirements on loading/unloading bays for coaches; pick up and drop off spaces for taxis; pick up and drop off spaces and parking spaces for private cars; and loading/unloading bays for bus services.

(d) Landscaped deck on the roof of the terminal for public enjoyment

- Bidders will be required to propose a landscaped deck at the roof of the cruise terminal building to facilitate the public to enjoy the waterfront.
- We are inclined to set a minimum area of 22 000 m<sup>2</sup>, or 44% of the maximum allowable non-domestic GFA, for landscaped deck which could be delivered in phases, say 25%, 35% and 40% respectively by 2012, 2016 and 2020, to allow creativity and flexibility in design and completion of the commercial facilities. The bidders would need to demonstrate that such phasing arrangement would not compromise the iconic outlook of the terminal as the first berth is commissioned.

(e) Concept design

- Bidders will be required to propose a design that can satisfy an Architectural Statement that embraces the following-
  - the design should be optimized to offer the greatest flexibility, efficiency and effectiveness, and satisfaction, for the users;
  - an iconic structure;
  - aesthetically pleasing and in harmony with surrounding areas;
  - maximum user-friendliness;
  - sustainable and environmentally sensitive; and
  - embrace the Vision and Goals for the Victoria Harbour of the Town Planning Board and the Harbour Planning Principles.

- The Architectural Statement is supposed to be a guideline on the overall built form of the cruise terminal building. It should be able to demonstrate the direction of the architectural design without compromising the flexibility of the bidders.

(f) Use of on-shore power

- The successful bidder will be required to make provision for the use of on-shore power in his design of the new cruise terminal.
- Upon demand by Government, the successful bidder will have to provide the equipment and require cruise vessels with complementary facilities to use on-shore power. The Government will monitor the international development trend in the use of on-shore power for cruise vessels in order to decide when to make the use of on-shore power mandatory.

**(4) Operation and Management Aspects**

(a) Operation, business and marketing plan

- Bidders will be required to submit a comprehensive plan with specific performance pledges on the operation, business and marketing aspects -
  - (i) Operation
    - baggage handling;
    - stevedore deployment;
    - baggage claim; and
    - gangway deployment, etc.
  - (ii) Tourism and economic benefits
    - Bidders will be required to demonstrate commitment to attract cruise vessels homeporting at the new cruise terminal.
  - (iii) Measures to enhance competitiveness
    - Bidders will be required to set out their arrangements on

fees and charges, and allocation of berthing slots.

(b) Promoting industry engagement

- Bidders will be required to submit pledges on how they would work together with the Hong Kong Tourism Board (HKTB) and Tourism Commission (TC) in cruise market development. The successful bidder will be required to provide space for the HKTB's visitor service kiosk at the new cruise terminal rental free.
- We intend to ask the successful bidder to establish a consultation forum, comprising participants from the cruise market, tourism industry and HKTB, with the following proposed scope of work -
  - (i) to discuss the key operation and management issues related to the new cruise terminal, including (but not limited to) the compliance with and any proposed changes to his performances pledges;
  - (ii) to consult the cruise market and tourism industry on proposed changes to arrangements for fees and charges and berthing slots allocation;
  - (iii) to discuss co-operation efforts with HKTB and the industry for marketing the facilities and services offered by the new cruise terminal;
  - (iv) to share with the cruise market and tourism industry regularly non-commercially sensitive information relating to the operation of the new cruise terminal; and
  - (v) to discuss matters of common interests concerning development of the cruise market and inform the market of latest development/improvement plans for the new cruise terminal.
- Bidders will be required to propose how they would establish the consultation forum for engaging the cruise market and tourism industry, as part of their on-going endeavours, including its

composition, frequency of meetings and modus operandi.

- The successful bidder should upload gist of discussion of the forum to his website regularly.

(c) Enhance transparency

- Bidders will be required to put forward pledges on –
  - (i) disclosure of non-commercially sensitive information on the new cruise terminal's facilities and services; and
  - (ii) reporting to the Government on operation information of the new cruise terminal.

The pledges made by the successful bidder under (4) will be included in a Service Agreement (see item 6(b) below).

**(5) Tender assessment**

(a) Weighting of financial and qualitative aspects

- We intend to adopt a 30:70 weighting ratio for financial and non-financial criteria respectively.

(b) Engagement of outside advisors

- We intend to seek nominations from relevant bodies such as the Hong Kong Institute of Architects (HKIA) and HKTBA for appointment as independent advisors for the assessment process during the tender exercise.

**(6) Implementation after Award of Tender**

(a) Concept Plans, Master Landscape Plans, etc under the land lease

- TC will establish an interdepartmental steering committee to monitor implementation of the land lease after the award of tender,

especially with regard to the timely delivery of the hardware.

(b) Service Agreement with successful bidder on performance pledges relating to operation and management

- The successful bidder will be required to enter into a Service Agreement with the Government. It will include relevant performance pledges made by the bidder in his bid, in particular those relating to the operation, management and maintenance of the new cruise terminal. It will be co-terminous with the land lease and enforced by TC with the assistance of relevant bureaux and departments.

Tourism Commission  
Commerce and Economic Development Bureau  
August 2007