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[Translation]

30 October 2008

Ms Debbie YAU  
for Clerk to Panel  
Panel on Economic Development  
Legislative Council  
8 Jackson Road  
Central

Dear Ms Yau,

**Panel on Economic Development  
Follow-up to Special Meeting**

Thank you for your letter of 24 October 2008. Our detailed response to Members' enquiry on the estimated cost for developing the cruise terminal at Kai Tak is set out below –

In 2006, on the basis of private development mode, the Government needed to prepare a preliminary estimate of the construction cost for the cruise terminal facilities. This would serve as a reference when we assess the financial feasibility of the project under the land tender approach. At that time, the rough estimated construction cost for site formation works and cruise terminal facilities was about HK\$2.4 billion. This estimate, however, was not equivalent to the construction cost of the whole cruise terminal. From the perspective of land tender, private developers would adjust their estimates according to their own development plans. They would also take into account other factors such as investment, operating revenue and the term of operation period when deciding their tender price.

The latest estimate quoted in the LegCo Brief (HK\$7.2 billion) is calculated based on the development mode of the Government to finance the cruise terminal construction, which is different from the land tender approach.

The estimate includes the cost of all construction works and related facilities, details are set out below –

- (1) construction cost for the whole cruise terminal and the superstructure, including the foundation, cruise terminal building and its facilities and commercial area (about 10,600m<sup>2</sup> Gross Floor Area), the scope is larger than that in the 2006 rough estimate;
- (2) project contingencies allowed for unforeseeable price fluctuation and changes in ground conditions etc;
- (3) cost for purchasing furniture and equipment; and
- (4) adjustment in the estimate in light of the standards and requirements used in Government works projects.

We shall provide an updated and more accurate detailed estimate in our funding application for this project in 2009. Under the financial tsunami, there may be relief on the prices of fuel and raw materials. This may reduce the construction costs. We will closely monitor the situation.

We will reply separately on the economic benefits of the cruise terminal and “Tourism District Enhancement Programme” in the 18 districts in Hong Kong.

Yours sincerely,

[signed]

(Jenny Lee)

for Secretary for Commerce and Economic Development

c.c. Secretary for Development (Attn: Mr MT Wong)