For discussion
on 29 March 2010

Legislative Council Panel on Economic Development
Cruise terminal building works of the new cruise terminal

Purpose

This paper updates Members on the progress made in the new cruise terminal project, and seeks Members' views on the funding application to the Finance Committee (FC) for carrying out the cruise terminal building and ancillary facilities works.

Background

2. At the meeting of the LegCo Panel on Economic Development on 24 October 2008, we briefed Members on Government's decision to fund, design and build a new cruise terminal at Kai Tak which will be leased to a cruise terminal operator. We briefed Members on the progress of the new cruise terminal project and the implementation plan at the Panel Meeting in May 2009. We also updated Members of the latest progress through an information paper in December 2009.

Site Formation Works

3. On site formation works, with FC's funding approval of $2,303.9 million in money-of-the-day (MOD) prices[1] on 20 November 2009, construction works started in end 2009 as scheduled. The first berth will be commissioned around mid-2013, which will be capable of berthing the world's largest cruise vessel[2]. The second berth will commence operation in 2014 for berthing medium-sized cruise vessels. After relocation of submarine gas mains by the Hong Kong and China Gas Company, dredging works at the seabed will be carried out. On completion, the berthing capacity of the second berth will be enhanced to accommodate mega cruise vessels[3] in 2015.

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[1] This is equivalent to $2,159.3 million in September 2009 prices.
[2] Currently, the largest cruise vessel in the world has a displacement tonnage of 110 000 tonnes.
[3] Mega cruise vessels with a displacement tonnage of 110 000 tonnes can be accommodated.

Cruise Terminal Building and Ancillary Facilities Works

4. The Architectural Services Department invited tenders for the design-and-build contract for the cruise terminal building on 31 July 2009. Four tenders returned by the submission deadline on 30 October 2009. The assessment of the tender submissions has been completed. We plan to apply for a funding of $5,852.1 million in MOD prices at the Public Works Subcommittee (PWSC) and FC meetings on 14 April 2010 and 30 April 2010 respectively. Details of the project are at ***Annex.***

5. Subject to the funding approval of FC in April, the design-and-build contract will commence in May, and the completion time of the terminal building will be advanced from the originally planned 2014/15 to within 2013, with the target to synchronize with the opening of the first berth around mid-2013. An inter-departmental Project Steering Group will be set up to closely monitor the progress of the design-and-build contract to ensure timely completion.

6. The winning bid from the tender exercise can meet our design requirement for an iconic building, as well as our technical requirement for a highly functional facility which can facilitate the operator to provide world-class services. The terminal building will be well equipped with supporting facilities to accommodate the berthing of two mega cruise vessels concurrently. For example, the Customs, Immigration, Quarantine and Police (CIQP) facilities will be able to clear 3 000 passengers per hour. The terminal building will also provide a total area of about 23 000 m^2 for passenger check-in/waiting and baggage handling so that the passengers can check in and collect their baggage efficiently and comfortably. It will also provide amble pick-up/drop-off areas and parking spaces. The terminal building will provide an ancillary commercial area of about 5 600m^2, and a landscaped deck with open space and greeneries on its roof. Besides, the design can provide flexibility for conversion of the cruise terminal operation area into other uses during the non-peak season, such as for Meeting, Incentive, Conference and Exhibition (MICE) events. The building is also equipped with facilities to achieve low energy consumption, which can fulfill the Government's objectives of developing a modern cruise terminal.

7. Together with the site formation works referred to in paragraph 3 above, the latest estimated total project cost is $8,156.0 million in MOD prices or $7,408.3 million in September 2009 prices. This is within the cost estimation for the project as reported to the Panel on 24 October 2008[4].

Supporting Infrastructure for the Southern part of the Former Runway

8. The construction of advance infrastructure works to serve the early developments, including the new cruise terminal and the runway park at the southern part of the former runway, commenced in September 2009. Main works comprise construction of an approximately 1.8 kilometres long 2-lane carriageway connecting Kowloon Bay and the cruise terminal, together with associated landscaping works, water supply, drainage and sewerage systems. The works are scheduled for completion by 2013 to tie in with the commissioning of the first berth of the cruise terminal.

Leasing Arrangements

9. We plan to lease the new cruise terminal to an experienced operator who will be responsible for operating the berths, the embarking and disembarking of cruise passengers, and managing the cruise terminal including the ground transportation area and ancillary commercial area. Having regard to international experience and the cruise industry's views, we are preparing the draft tenancy for the cruise terminal in consultation with relevant departments. We plan to brief Members on the proposed arrangement in mid-2010.

Software development

10. Apart from hardware development, meanwhile we are working with the Advisory Committee on Cruise Industry (ACCI) to formulate measures to further facilitate cruise itinerary development, strengthen co-operation with neighbouring Mainland coastal provinces, promote cruise tourism in Hong Kong and the Asia Pacific Region, facilitate

[4] The overall cost of the cruise terminal project was estimated to be about $7.2 billion (in September 2008 prices) which is equivalent to $7.512 billion (in September 2009 prices).

interim berthing arrangements, and encourage supply of talents for the cruise market and related industries.

11. In the run-up to the commissioning of the first berth around mid-2013, the Hong Kong Tourism Board (HKTB) will step up its marketing and promotion efforts on cruise products with Hong Kong as a homeport and its support in attracting deployment of cruise vessels to Hong Kong. Apart from collaborating with the cruise companies and the travel trades in building consumer awareness and developing attractive packages in key strategic markets primarily the Mainland China, the United States and the United Kingdom, HKTB will also increase its presence at major cruise industry events such as the annual cruise conventions in Miami and Asia, to maximize engagement with the industry and to promote Hong Kong as a "must-see" cruise destination.

Cruises to Taiwan from Hong Kong for Mainland Tour Groups

12. The cruise operators responded positively to the measure approved by the Central People's Government in April 2009 allowing the Mainland tour groups travelling to Taiwan to take cruise vessels homeporting in Hong Kong. About 20 sailings from Hong Kong to Taiwan, with a total capacity of some 30 000 passengers, are being rolled out in 2010. HKTB is working with the cruise operators to step up publicity and promotion for these itineraries in the Mainland, especially in southern China. We are encouraging other cruise operators to launch similar products to take advantage of the measure.

Advice sought

13. Members are invited to note the progress of the new cruise terminal project and to support the funding application for the cruise terminal building and ancillary facilities works.

Tourism Commission
Commerce and Economic Development Bureau
March 2010

Annex

Legislative Council Panel on Economic Development

PWP Item No. 7GA

Cruise terminal building and ancillary facilities for the Kai Tak cruise terminal development

PROPOSAL

We intend to upgrade 7GA to Category A at an estimated cost of $5,852.1 million in money-of-the-day (MOD) prices for the construction of the cruise terminal building and ancillary facilities for the Kai Tak cruise terminal development. The scope of the project comprises the development of new cruise terminal facilities on a site of 7.6 hectares at the southern end of the former runway at the Kai Tak Development as follows -

(i) Cruise terminal building

Construction of a cruise terminal building at the southern tip of the former Kai Tak runway to accommodate the following -

(a) Customs, Immigration, Quarantine and Police (CIQP) facilities for cruise terminal operation and CIQP facilities for the future heliport development[1];

(b) accommodation for the future heliport operator;

(c) accommodation for the Hong Kong Tourism Board;

(d) supporting facilities including security screening, baggage handling, ticketing, check-in, passenger waiting or queuing, concourse and office for the cruise terminal operator and management staff;

(e) ancillary commercial area;

(f) pick-up and drop-off areas for various types of vehicles and parking spaces for government vehicles, the terminal operator's vehicles and the public;

(g) a landscaped deck;

(h) reserved plant rooms for future installation of on-shore power supply system;

(i) tower structure and building services provisions for installation of radar for the Vessel Traffic Service of

[1] The proposed heliport will be situated on a site adjoining the new cruise terminal building.

Marine Department;

(j) connections and reserved connections to adjacent sites; and

(ii) Apron facilities

These cover works for provisions of building services to the apron area, including passenger gangways, electricity supply system, on-shore water supply, on-shore sewage reception facilities, external lighting, navigation lighting, fire fighting provisions, cable containment for telephone and data, etc.

A site plan is at Enclosure 1. The floor plans and sections views of the cruise terminal building are at Enclosures 2 and 3.

2. The project will be delivered through a design-and-build contract. Tender assessment of this contract has been completed. Subject to the approval of Finance Committee (FC), we will award the contract to the winning bidder so that the construction works can start in May 2010 for completion in 2013. The target is to synchronize with the commissioning of the first berth around mid-2013.

JUSTIFICATION

3. The Government is committed to developing Hong Kong into a leading cruise hub in the region. According to the cruise market consultancy studies commissioned by the Tourism Commission earlier, Hong Kong would require an additional berth between 2009 and 2015, and one to two further berths beyond 2015. The timely development of new cruise terminal facilities is critical to the development of Hong Kong into a cruise hub in Asia. With the availability of new cruise terminal facilities and appropriate market strategies, we estimate that the economic benefits brought by the cruise industry will range from $1.5 billion to $2.6 billion per annum and the additional jobs generated will be around 5 300 to 8 900 by 2023, under different growth scenarios which depend on factors such as the market situation and the deployment of cruises by the cruise operators.

FINANCIAL IMPLICATIONS

4. We estimate the capital cost of the project to be $5,852.1 million in MOD prices (please see paragraph 5 below), broken down as follows –

			$ million
(a)	Site works		9.5
(b)	Piling works		410.6
(c)	Building		2,794.5
(d)	Building services		665.6
(e)	Drainage		25.5
(f)	External works		111.3
(g)	Landscaped deck		55.1
(h)	Additional energy conservation measures		81.0
(i)	Works at Apron Area[2]		269.4
(j)	IT infrastructure and carpark management system		1.5
(k)	Furniture and equipment[3]		270.5
(l)	Consultants' fees		24.5
	(i) quantity surveying services	15.5	
	(ii) risk management	1.0	
	(iii) management of resident site staff	8.0	
(m)	Remuneration of resident site staff		52.3
(n)	Duty visits outside Hong Kong[4]		0.5

[2] Works at Apron Area include five passenger gangways, low voltage power supply system, fire services installation, on-shore fresh water supply, on-shore sewage collection system and apron lighting system. For location of the Apron Area, please refer to the Site Plan at Enclosure 1.

[3] Based on an indicative list of furniture and equipment, items required include baggage X-ray scanners, seating and furniture at waiting/check-in areas, shipping schedule indicator systems, electronic, security and telecommunications systems, general office furniture and equipment items etc. We plan to seek separate funding from the FC later for the specialized equipments for customs and immigration clearances.

[4] Duty visits outside Hong Kong in connection with the project including acceptance tests and audit checking at precasting yard, structural steel fabrication yard, low voltage switchboard and curtain wall factory, etc.

		$ million	
(o)	Contingencies	477.2	
	Sub-total	5,249.0	(in September 2009 prices)
(p)	Provision for price adjustment	603.1	
	Total	5,852.1	(in MOD prices)

We will engage consultants to undertake quantity surveying, risk management and site supervision services under the project vote. The construction floor area (CFA) of this project is 143 600 square metres (m^2) (excluding the Apron Area). The estimated construction unit cost, represented by the building and the building services costs, is $24,095 per m^2 of CFA in September 2009 prices. We consider the estimated project cost reasonable.

5. Subject to approval, we will phase the expenditure as follows –

Year	**$ million (Sept 2009)**	**Price adjustment factor**	**$ million (MOD)**
2010 – 2011	285.0	1.02700	292.7
2011 – 2012	944.0	1.06551	1,005.8
2012 – 2013	2,313.0	1.10813	2,563.1
2013 – 2014	1,358.0	1.15246	1,565.0
2014 – 2015	242.0	1.19856	290.1
2015 – 2016	67.0	1.24650	83.5
2016 – 2017	40.0	1.29636	51.9
	5,249.0		5,852.1

6. We have derived the MOD estimates on the basis of the Government's latest forecast of trend rate of change in the prices of public sector

building and construction output for the period 2010 to 2017. The project will be delivered through a design-and-build contract. We will award the contract on a lump-sum basis because we can clearly define the scope of the works in advance. The contract will provide for price adjustments.

7. We estimate the annual recurrent expenditure arising from this project to be $206.4 million. On completion, the Government will lease the terminal to a cruise terminal operator for rents.

PUBLIC CONSULTATION

8. During public consultation under the Planning Review of Kai Tak Development, the relevant District Councils (DCs) and the general public were supportive of early implementation of the Kai Tak Development, including the new cruise terminal. At its meeting on 24 October 2008, we briefed Members of the Legislative Council (LegCo) Panel on Economic Development on the Government's decision to fund, design and build a new cruise terminal at Kai Tak for leasing to a cruise terminal operator for operation. On 25 May 2009, we briefed Members on the latest programme and implementation plan for the new cruise terminal and consulted Members on the Administration's plan to adopt parallel tendering ahead of funding approval to ensure the commissioning of the first berth of the new cruise terminal in mid-2013. Members in general had no objection to the approach. On 20 November 2009, the FC approved funding of $2,303.9 million in MOD prices for carrying out the site formation works for the Kai Tak cruise terminal development.

ENVIRONMENTAL IMPLICATIONS

9. The project is not a designated project under Schedule 2 of the Environmental Impact Assessment (EIA) Ordinance (Cap. 499). However, it lies within the boundary of the Kai Tak Development which is a designated project requiring an EIA report under Schedule 3 of the EIA Ordinance. The EIA report for Kai Tak Development approved on 4 March 2009 concluded that the cruise terminal building and its ancillary facilities would not have adverse environmental impact.

10. During construction, we will control noise, dust and site run-off nuisances to within established standards and guidelines through the implementation of mitigation measures in the relevant contracts. These include the use of silencers, mufflers, acoustic lining or shields and the building of barrier wall for noisy construction activities, frequent cleaning and watering of the site, and the provision of wheel-washing facilities as well as other relevant measures recommended in the Kai Tak Development EIA report.

11. We have considered measures (e.g. using metal site hoardings and signboards so that they can be recycled or reused in other projects and adopting repetitive/modular design to enable reuse of formwork) in the planning and design stages to reduce the generation of construction waste where possible. In addition, we will require the contractor to reuse inert construction waste (e.g. excavated soil) on site or in other suitable construction sites as far as possible, in order to minimise the disposal of inert construction waste to public fill reception facilities[5]. We will encourage the contractor to maximise the use of recycled or recyclable inert construction waste, as well as the use of non-timber formwork to further minimise the generation of construction waste.

12. We will also require the contractor to submit for approval a plan setting out the waste management measures, which will include appropriate mitigation means to avoid, reduce, reuse and recycle inert construction waste. We will ensure that the day-to-day operations on site comply with the approved plan. We will require the contractor to separate the inert portion from non-inert construction waste on site for disposal at appropriate facilities. We will control the disposal of inert construction waste and non-inert construction waste to public fill reception facilities and landfills respectively through a trip-ticket system.

13. We estimate that the project will generate in total about 156 370 tonnes of construction waste. Of these, we will reuse about 62 220 tonnes (40%) of inert construction waste on site and deliver 74 710 tonnes (48%) of inert construction waste to public fill reception facilities for subsequent reuse. In addition, we will dispose of 19 440 tonnes (12%) of non-inert construction waste at landfills. The total cost for accommodating construction waste at public fill reception facilities and landfill sites is estimated to be $4.4 million for this project (based on a unit cost of $27 per tonne for disposal at public fill reception facilities and $125 per tonne[6] at landfills).

ENERGY CONSERVATION MEASURES

14. This project has adopted various forms of energy efficient features, including –

(a) automatic demand control of chilled water circulation system;

(b) automatic demand control of air supply;

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[5] Public fill reception facilities are specified in Schedule 4 of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation. Disposal of inert construction waste in public fill reception facilities requires a license issued by the Director of Civil Engineering and Development.

[6] This estimate has taken into account the cost for developing, operating and restoring the landfills after they are filled and the aftercare required. It does not include the land opportunity cost for existing landfill sites (which is estimated at $90 per m^3), nor the cost to provide new landfills (which is likely to be more expensive), when the existing ones are filled.

(c) demand control of fresh air supply with carbon dioxide sensors;

(d) automatic demand control for ventilation fans in car park;

(e) heat wheels/heat pipes for heat energy reclaim of exhaust air;

(f) connection to District Cooling System for air-conditioning;

(g) T5 energy efficient fluorescent tubes with electronic ballast and lighting control by occupancy sensors and daylight sensors;

(h) light-emitting diode (LED) type exit signs;

(i) services-on-demand control for escalators and passenger conveyors (on/off control);

(j) automatic on/off switching of lighting and ventilation fan inside the lifts;

(k) heat pumps for hot water/space heating; and

(l) building energy management system for large installations.

15. For renewable energy technologies, we will install photovoltaic system and solar hot water system to provide renewable energy for environmental benefits.

16. For green features, we will provide a landscaped deck with an area of not less than half of the total roof area of the cruise terminal building for passive enjoyment by the public. Half of this landscaped deck will be turfed and planted with groundcovers, shrubs, palms and trees to provide a green outdoor environment along the waterfront.

17. For recycled features, we will adopt rain water and air-conditioning condensate water recycling system for irrigation purpose.

18. The total project estimate included an estimated additional cost for adoption of the energy conservation measures of around $81.0 million (including $16.1 million for energy efficient features). The energy efficient features will achieve 7.8% energy savings in the annual energy consumption with a payback period of about 3.6 years.

HERITAGE IMPLICATIONS

19. This project will not affect any heritage site, i.e. all declared monuments, proposed monuments, graded historic sites/buildings sites of archaeological interest and Government historic sites identified by the Antiquities and Monuments Office.

LAND ACQUISITION

20. The project does not require any land acquisition.

BACKGROUND INFORMATION

21. We included **7GA** in Category B in July 2009. We employed a term contractor to carry out site investigation in March 2009 and a quantity surveying consultant to assist in the tender assessment in November 2009. We have charged the cost of the site investigation of $1.41 million to PWP Item No. **719CL** - Kai Tak development - engineering review under Civil Engineering and Development Department and the cost of the quantity surveying consultant of $0.6 million to block allocation **Subhead 3100GX** "Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme". The term contractor has completed the site investigation and the quantity surveying consultant has finished the tender assessment.

22. The proposed works will involve felling of one tree which is not an important tree[7]. We will incorporate planting proposals as part of the project, including 100 trees and 25 000 shrubs.

23. We estimate that the proposed works will create about 2 940 jobs (2 670 for labourers and another 270 for professional/technical staff) providing a total employment of 79 400 man-months.

Tourism Commission
Commerce and Economic Development Bureau
March 2010

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[7] "Important tree" refers to trees on the Register of Old and Valuable Trees, or any other trees that meet one or more of the following criteria –

(a) trees of 100 years old or above;
(b) trees of cultural, historical or memorable significance e.g. Fung Shui tree, tree as landmark of monastery or heritage monument, and trees in memory of an important person or event;
(c) trees of precious or rare species;
(d) trees of outstanding form (taking account of overall tree sizes, shape and any special features) e.g. trees with curtain like aerial roots, trees growing in unusual habitat; or
(e) trees with trunk diameter equal or exceeding 1.0 metre (m) (measured at 1.3 m above ground level), or with height/canopy spread equal or exceeding 25 m.

興建中的道路
ROAD UNDER CONSTRUCTION

施工中的土地平整工程
SITE FORMATION WORKS UNDER CONSTRUCTION

乘客舷梯
PASSENGER GANGWAYS

觀塘避風塘
KWUN TONG TYPHOON SHELTER

預留土地作
旅遊中心
SITE RESERVED FOR
TOURISM NODE

擬建的郵輪碼頭大樓
PROPOSED CRUISE TERMINAL BUILDING

碼頭前沿區
APRON AREA

第二個泊位 SECOND BERTH

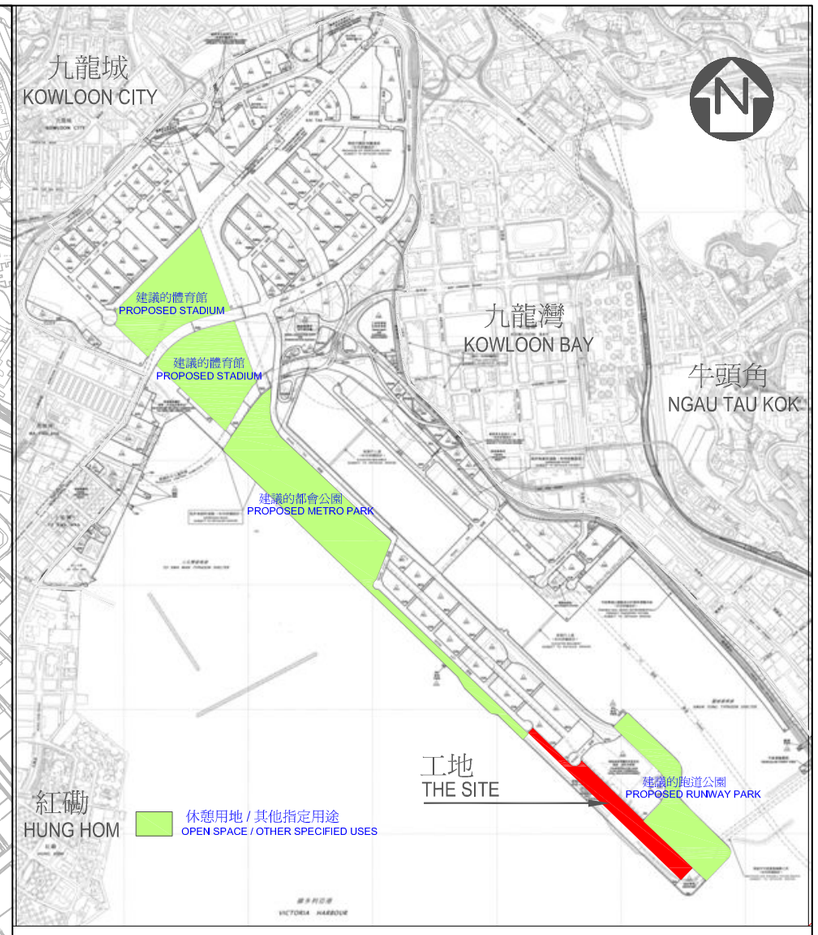
第一個泊位 FIRST BERTH

預留土地作
跑道公園
SITE RESERVED FOR
RUNWAY PARK

預留土地作
直升機場
SITE RESERVED FOR
HELIPORT

工地範圍
SITE BOUNDARY

維多利亞港
VICTORIA HARBOUR

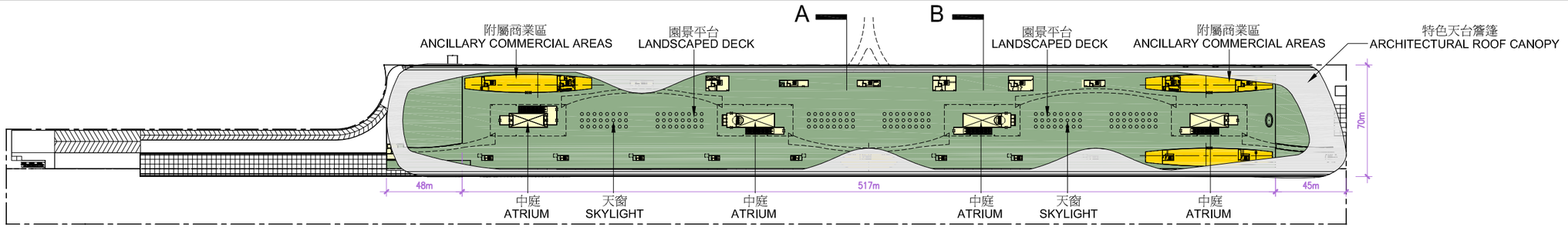


位置圖 LOCATION PLAN

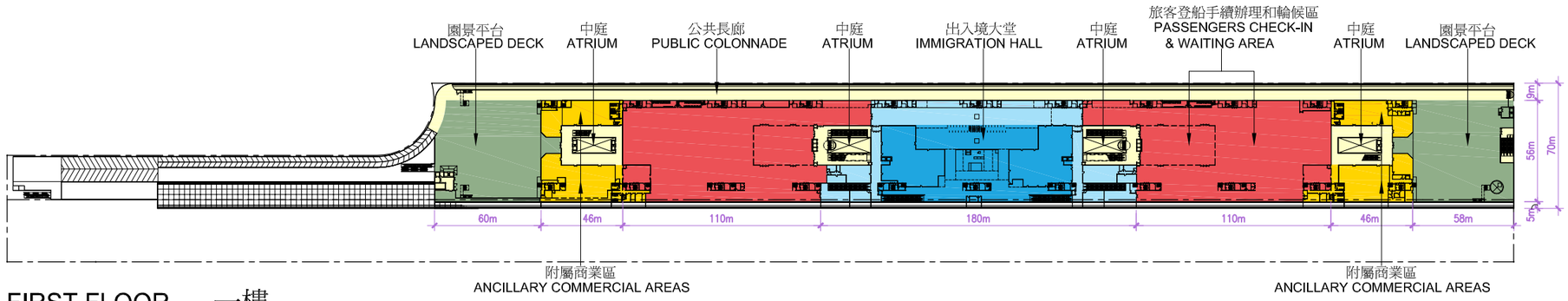
比例 scale 1 : 25 000

7GA
啓德郵輪碼頭發展的郵輪碼頭大樓及附屬設施
CRUISE TERMINAL BUILDING AND ANCILLARY FACILITIES
FOR THE KAI TAK CRUISE TERMINAL DEVELOPMENT

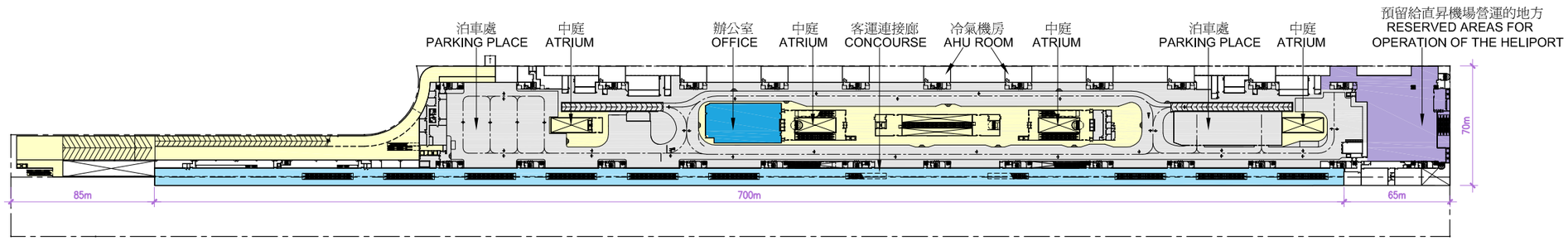
drawn by 繪圖	K.H. CHAN	date 日期 03/10	drawing no. 編號	scale 比例	office 辦事處	ARCHITECTURAL SERVICES DEPARTMENT 建築署
approved 覆核	JACKSON WAI	date 日期 03/10	AB/6942/XA1	1 : 7 500	工程策劃管理處 PROJECT MANAGEMENT BRANCH	



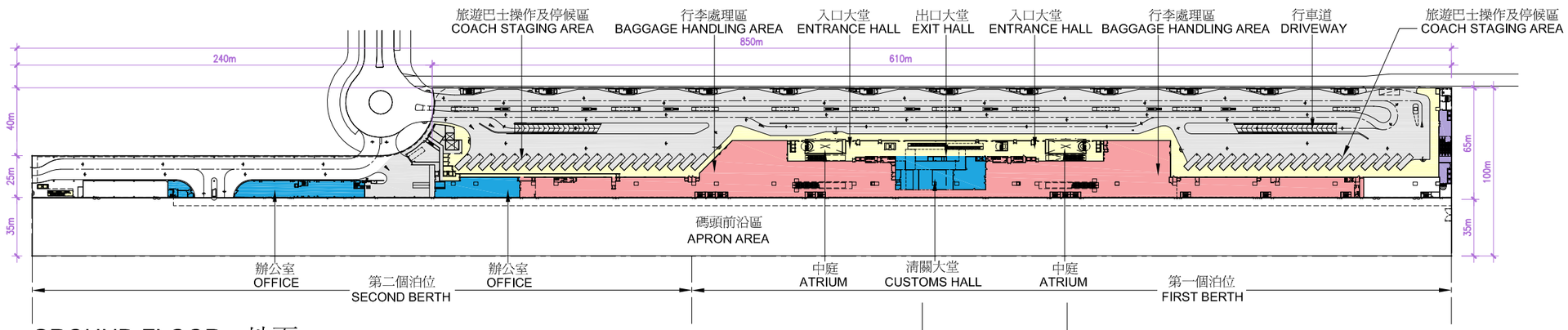
ROOF 天台



FIRST FLOOR 一樓



MEZZANINE FLOOR 閣樓



GROUND FLOOR 地面

7GA

啟德郵輪碼頭發展的郵輪碼頭大樓及附屬設施

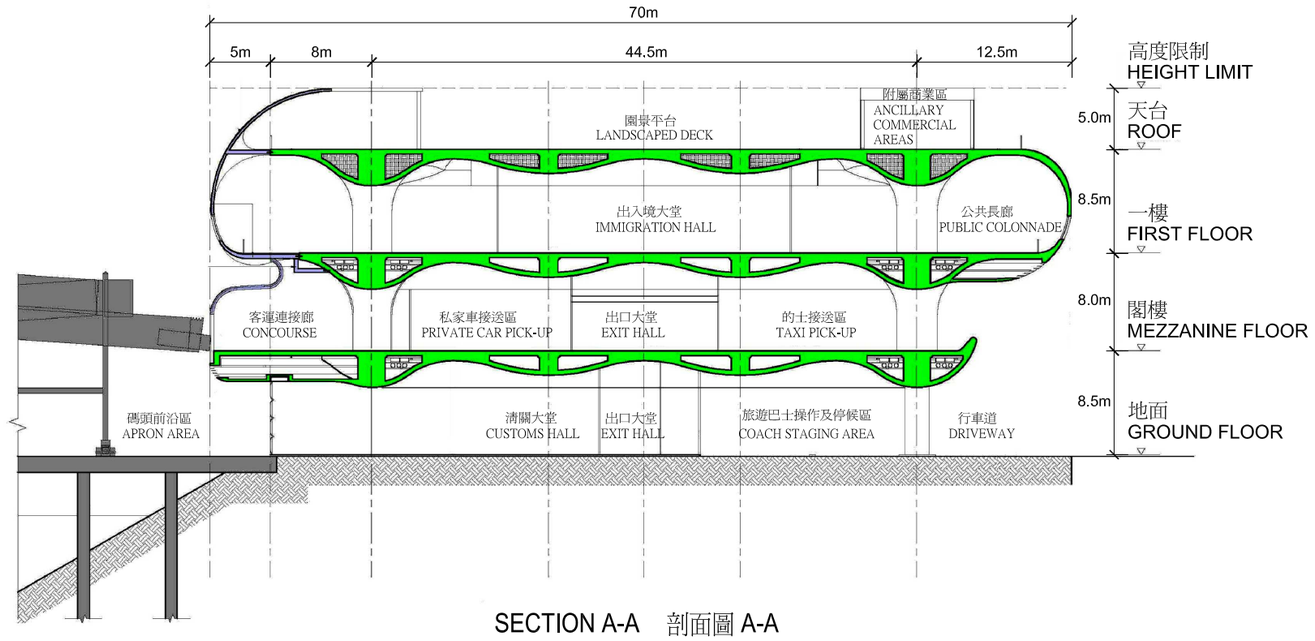
CRUISE TERMINAL BUILDING AND ANCILLARY FACILITIES FOR THE KAI TAK CRUISE TERMINAL DEVELOPMENT

啓德郵輪碼頭大樓的各樓層平面圖

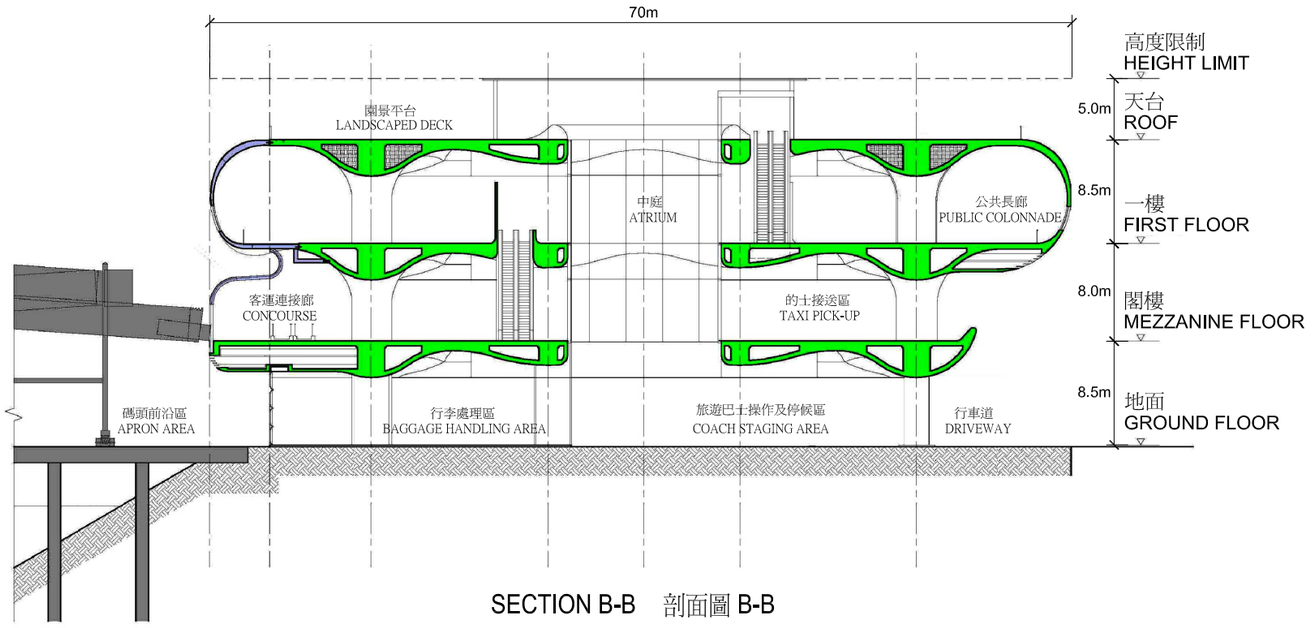
FLOOR PLANS OF THE KAI TAK CRUISE TERMINAL BUILDING

SCALE: 比 例

1 : 3000



SECTION A-A 剖面圖 A-A



SECTION B-B 剖面圖 B-B

7GA

啟德郵輪碼頭發展的郵輪碼頭大樓及附屬設施
CRUISE TERMINAL BUILDING AND ANCILLARY FACILITIES FOR THE KAI TAK CRUISE TERMINAL DEVELOPMENT

啓德郵輪碼頭大樓的剖面圖
SECTIONS OF THE KAI TAK CRUISE TERMINAL BUILDING

SCALE: 比 例
1 : 500