

For information**Legislative Council Panel on Economic Development
Development of a New Cruise Terminal at Kai Tak****Purpose**

At the Establishment Subcommittee meeting on 28 November 2008, we undertook to provide bi-annual updates to the Panel on Economic Development on the progress of the cruise terminal project. This paper briefs Members on the progress made since May 2009.

Site Formation Works

2. With the Finance Committee's funding approval on 20 November, the contract for the site formation works was awarded on 30 November 2009. A ground-breaking ceremony signifying the commencement of construction will be held on 23 December 2009. We aim to commission the first berth in mid-2013, which will be capable of berthing the world's largest cruise vessel¹. The second berth, which can accommodate medium-sized cruise vessels, will commence operation in 2014. After relocation of submarine gas mains by the Hong Kong and China Gas Company, dredging works will be carried out to enable the second berth to accommodate mega cruise vessels² in 2015/16.

Cruise Terminal Building

3. The Architectural Services Department invited tenders for the design-and-build contract for the cruise terminal building from 30 July to 30 October 2009. Tender assessment is in progress. We plan to consult this Panel in the first quarter of 2010, and then seek Finance Committee's funding approval, with a view to awarding the contract in mid-2010. The current schedule is to complete the construction in

¹ Currently, the largest cruise vessel in the world has a displacement tonnage of 110,000 tonnes.

² Mega cruise vessels refer to cruise vessels with a displacement tonnage of more than 50,000 tonnes.

2014/15, but we will work to advance the completion of the cruise terminal building as far as practicable.

Leasing Arrangements

4. We will lease the new cruise terminal to an 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 with inputs from relevant departments on the operation and management requirements, we have drawn up the proposed leasing arrangements and consulted the cruise industry. We are now reviewing the feedback received for preparation of the draft tenancy agreement.

5. We plan to conduct a prequalification exercise for the tenancy agreement in the latter half of 2010, and invite tenders in 2011. The tender will be awarded in end 2011 to enable the selected cruise terminal operator to start accepting advance bookings before the first berth commences operation in mid-2013.

Software

6. Apart from hardware development, we are working with the Advisory Committee on Cruise Industry (ACCI) to formulate measures to facilitate cruise itinerary development, strengthen co-operation with neighbouring coastal Mainland provinces, promote cruise tourism in Hong Kong and the region, facilitate interim berthing arrangements, and encourage supply of talents for the cruise market and related industries.

7. On the manpower front, we have conducted a manpower survey and provided the findings to the relevant training institutions. New courses (with around 300 places) on cruise tourism were launched this year through the Government's Skills Upgrading Scheme, Employees Retraining Scheme and the Travel Industry Council of Hong Kong to meet the development needs of the cruise market. The ACCI, in

collaboration with the Curriculum Development Institute of the Education Bureau, also conducted seminars on the development of cruise tourism in Hong Kong for secondary school teachers of the “Tourism and Hospitality Studies” subject.

8. As regards co-operation with adjacent Mainland provinces in promoting multi-destination itineraries, the Hong Kong Tourism Board (HKTB) has enhanced the “Cruise South China” website launched earlier this year by adding video clips on the attractions in Hong Kong and Guangdong, Guangxi, Fujian and Hainan. HKTB will take part in the Seatrade Cruise Shipping Convention in Miami in March 2010 and Seatrade All Asia Cruise Convention in Shanghai in June 2010 to further promote Hong Kong’s position on the cruise map.

Cruise to Taiwan from Hong Kong for Mainland Tour Groups

9. The cruise operators responded positively to the recently introduced measure allowing 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, will be launched in 2010. HKTB is working with the cruise operators to step up publicity and promotion in the Mainland for these itineraries. We are also encouraging other cruise operators to launch similar products to take advantage of the new measure.

Alternative Berthing Arrangement

10. For cruise vessels which require alternative berthing arrangements either because they exceed the berthing capability of the Ocean Terminal or because of conflicts in schedules, we will continue to facilitate the vessel calls and assist in the liaison between the local shipping agencies of the cruise operators and relevant Government departments. Since August 2009 we have introduced a new set of streamlined procedures to allow container terminal operators to apply for a temporary multiple-visit waiver which is valid until 30 June 2013.

11. Members are invited to note the progress made on the new cruise terminal project.

Tourism Commission
Commerce and Economic Development Bureau
December 2009