

**For discussion on
27 October 2014**

**Legislative Council Panel on Economic Development
Updates on the Kai Tak Cruise Terminal**

Purpose

This paper updates the Panel on the operation and latest developments of the Kai Tak Cruise Terminal (“KTCT”).

Latest Update on the Terminal Facilities

2. The KTCT building and the first berth commissioned in June 2013 can accommodate the current largest cruise ships in the world. The second berth also commenced operation in September 2014. On 29 September 2014, the two berths of the KTCT were for the first time used simultaneously for berthing two cruise ships, namely Sapphire Princess and Voyager of the Seas. While around 5 600 cruise passengers disembarked on that day, the overall transport arrangements were smooth. Apart from shore excursions and transfer services arranged by cruise companies for cruise passengers, the terminal operator arranged free shuttle bus service to ply between the KTCT and nearby MTR stations, as well as feeder bus service to take cruise passengers to hotel clusters in Tsim Sha Tsui and on the Hong Kong Island. The terminal operator also introduced a new feeder bus route to Hung Hom. Moreover, the terminal operator implemented a special measure that morning where each taxi driver who picked up passengers at the KTCT was given a \$20 tunnel coupon. With the support of the taxi trade, more taxis went to the KTCT that day to pick up passengers as compared with the numbers for previous ship calls. In general, the cruise passengers could board the transport modes of their choice and left the KTCT within a reasonable period.

3. To enable the second berth to accommodate the world’s largest cruise ships in the long run, the departments concerned will carry out the remaining seabed dredging works for the second berth after the Hong Kong and China Gas Company Limited has completed the diversion works for the existing submarine

gas pipes in the nearby waters. The remaining seabed dredging works is targeted to complete around end-2015 to early 2016.

Transport Connectivity of the KTCT

4. We attach great importance to the transport connectivity of the KTCT. The Tourism Commission has maintained close communication with and given advice to the terminal operator and relevant departments so as to continuously improve the transportation arrangement of the KTCT. On provision of taxi service, to prepare for the new round of ship calls starting in September, the terminal operator met with representatives of taxi trade organisations in mid-August and end-September to brief them on the schedule and transportation arrangements for the ship calls. The Secretary for Commerce and Economic Development also met with representatives of taxi trade organisations on 26 September to discuss issues on taxi service supply at the KTCT. The atmosphere of the meeting was candid and cordial. The taxi trade representatives indicated that they were willing to continue the liaison with the terminal operator and would endeavour to support the operation of the KTCT. With the support of the taxi trade and relevant parties, the transportation arrangements for the berthing of two cruise ships at the KTCT on 29 September went well as mentioned in paragraph 2 above.

5. As regards public transport, a Kowloon green minibus route (No. 86) operates between the KTCT and Kowloon Bay every day. Apart from the green minibus, the Kowloon Motor Bus Company operates route No. 5R that runs between the KTCT and Ngau Tau Kok/Kwun Tong MTR stations on Saturdays, Sundays and public holidays. Having regard to the visitors flow to the KTCT and under the coordination of the relevant departments, the public transport operators have stepped up service frequencies and extended operating hours. An additional drop-off point for minibuses on the ground floor at the southern end of the KTCT has been installed to facilitate the public visiting the shops and café. Taxi stand and fee paying carpark for private cars are also available at the KTCT.

6. The relevant departments will continue to monitor closely the increase in visitors flow to and from the KTCT and will enhance public transport services when necessary. Besides, the KTCT operator is exploring with a ferry service provider the option of installing a pontoon, to be moored temporarily to the

KTCT for providing special ferry services on days of ship calls or events. Yet, factors that need to be considered include passenger safety, technical requirements (including nearby water currents), supporting transport connectivity, expected passenger demand as well as the business viability of the proposal. Relevant departments are exploring the proposal with the KTCT operator.

Ancillary Commercial Areas and Other Facilities

7. The ancillary commercial areas of the KTCT measure about 5 600 square metres and are managed by the terminal operator. All the commercial areas at both ends of the second floor of the terminal building were leased out and opened for business this summer. There are retail shops, a café, a money exchange shop, a Chinese restaurant and other eateries. As for the commercial areas in the Kai Tak Cruise Terminal Park (the rooftop park) on the rooftop of the terminal building, one of the shops has been leased to a wedding service company, which is now carrying out the fitting-out works. The operator will also look for tenants within this year for the remaining two shops in the rooftop park.

8. A new batch of directional signs have been installed inside and outside the terminal building as well as within the rooftop park to give the general public and cruise passengers clearer directions to the commercial areas. The relevant departments have also further improved the traffic signs in the surrounding areas to guide drivers to the KTCT.

9. To optimise the utilisation of terminal facilities and increase visitor flow, the terminal operator has actively organised events at the KTCT, including large-scale expositions and brand promotion functions. For instance, the KTCT hosted the WorldSkills Hong Kong Competition cum Carnival in June 2014, attracting over 25 000 members of the public to visit. There are also a number of different events under planning. For instance, the Guangzhou/Hong Kong/Macao/Chengdu Youth Skills Competition, organized by the Vocational Training Council between 31 October and 1 November 2014, will draw in youths from Guangzhou, Macau and Chengdu to participate. The event is also open to the public. With the opening of the Chinese restaurant at the KTCT, a greater variety of functions can be held at the KTCT. In addition to the corporate events by organisations, the restaurant will also host wedding

banquets and various functions of different organisations. Major events held at the KTCT are listed at Annex.

Business Development of the Terminal

10. There were 9 ship calls at the KTCT between June and December 2013. The number of ship calls for 2014 is expected to be 28 in total. Together with the Ocean Terminal, the total number of ship calls in Hong Kong for 2014 is expected to be 137, which is an increase by 48 calls as compared to that of 2013.

11. Royal Caribbean Cruises Ltd. announced in June this year that between July to October 2015, its Voyager of the Seas will homeport at the KTCT and offer over 20 sailings covering ports in Taiwan, Japan, Korea and Vietnam etc. The company has also set up an office in Hong Kong overseeing the sales business in Hong Kong. Together with the ship calls of other cruise lines, the number of ship calls at the KTCT is expected to reach 55 in 2015, which almost doubled the figure of 2014. We expect a continuous growth of utilisation of the KTCT in the coming years.

Promoting Hong Kong as a Cruise Hub

12. Fostering regional co-operation in promoting cruise tourism is one of the strategic focuses of the Hong Kong Tourism Board (“HKTB”). The HKTB has collaborated with the neighbouring ports in launching the first “Asia Cruise Fund”. By pooling the financial incentives of the participating ports for cruise lines, the Fund facilitates cruise lines in better ascertaining the total amount of financial incentives available for developing itineraries in the Asia-Pacific region and, hence, enhances the attractiveness of the entire region to cruise lines. This can also encourage cruise lines to include Hong Kong in their cruise itineraries, thus consolidating Hong Kong’s status as the Asia cruise hub.

13. The HKTB will continue to actively participate in large-scale cruise trade functions in order to consolidate Hong Kong’s status as a regional cruise hub. It will support Cruise Shipping Asia-Pacific, a large-scale industry event, to be held in Hong Kong in November 2014. The event will gather international cruise lines, tourism marketing organisations, port authorities,

cruise terminal operators and trade representatives, to exchange information on cruise development in the Asia-Pacific region.

14. To expand the source markets for cruise passengers, the HKTB will carry out promotions in various long and short haul markets (such as Guangdong and India). The promotions will target young professionals, families and seniors, with a view to raising their awareness and demands for cruise tourism products. In particular, it will promote MICE-cruise in India and, in partnership with airlines and cruise lines, fly-cruise in long-haul markets.

Legislative Proposal for Regulating the Uses of the KTCT

15. We briefed the Panel about the Administration's plan to introduce a new piece of subsidiary legislation to regulate the uses of the KTCT in general and designate certain parts within the terminal as restricted areas in July 2013. In the course of drafting the subsidiary legislation, having considered internal legal advice, we consider that a new piece of primary legislation would better serve the operations and security needs of the KTCT. In this connection, we are working on the drafting instructions and in discussion with the Department of Justice and relevant departments regarding the draft bill, including exploring the option of designating restricted areas on land inside the terminal as well as in the surrounding waters.

Conclusion

16. The commissioning of the KTCT has provided impetus to the development of the cruise industry and related sectors in Hong Kong. Overall, the international cruise lines take a positive view about the prospects of the Hong Kong cruise industry as well as the services and facilities of the KTCT, and are actively considering deploying more ships, including those newly built, to Hong Kong. The Administration will continue to closely monitor the operation of the KTCT and the performance of its operator, with a view to enhancing its services and ancillary support.

Advice Sought

17. Members are invited to note and comment on the operation and latest developments of the KTCT.

**Tourism Commission
Commerce and Economic Development Bureau
October 2014**

Events Held at the Kai Tak Cruise Terminal

Names of Events	Date
Car shows	August & September 2013
Cruise Holiday Expo	September 2013
Christening ceremony of a container ship	November 2013
Community Planting Day	December 2013
Promotion event of a Cognac brand	March 2014
Hong Kong Streetathon 2014 (Pick up/drop-off points for event participants provided at the Kai Tak Cruise Terminal)	March 2014
Berthing of floating book fair “Logos Hope”	April 2014
Promotion activity by Hong Kong Jockey Club	April 2014
Construction Safety Week 2014: Zero Accident Flag Presentation Ceremony	May 2014
Car show	May 2014
WorldSkills Hong Kong Competition 2014	June 2014
Hong Kong Dome Festival 2014 (Support and pick-up/drop-off points for event participants provided at the Kai Tak Cruise Terminal)	July 2014
Promotion event of an electric vehicle	July 2014
Dance cum Recreation and Sport Carnival	September 2014
Dinner banquet of the Association of Restaurant Managers	October 2014

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