

**立法會**  
***Legislative Council***

LC Paper No. CB(4)63/14-15(04)

Ref : CB4/PL/EDEV

**Panel on Economic Development**  
**Meeting on 27 October 2014**

**Background brief on**  
**the development and operation of the Kai Tak Cruise Terminal**

**Purpose**

This paper updates the Panel on Economic Development ("the Panel") on the development and operation of the Kai Tak Cruise Terminal ("KTCT") and summarizes Members' concerns on related issues.

**Background**

Development

2. On 24 October 2006, the Government announced its plan for developing new cruise terminal facilities on the 7.6 hectares of land earmarked at the southern end of the former runway at the Kai Tak Development through an open land tender. In November 2009, the Legislative Council ("LegCo") approved the site formation works for the new cruise terminal at an estimated cost of \$2,303.9 million<sup>1</sup> in money-of-the-day ("MOD") prices. The works started in November 2009, with the target of commissioning the first and second berths at around mid-2013 and 2014 respectively. LegCo further approved the construction of the cruise terminal building and ancillary facilities for the KTCT development at an estimated cost of \$5,852.1 million in MOD prices in April 2010.

---

<sup>1</sup> The total estimated project cost of the site formation works together with the cruise terminal building and ancillary facilities works was \$8,156 million in MOD prices or \$7,408.3 million in September 2009 prices, which was within the original estimated project cost of \$7,512 million in September 2009 prices.

3. The Government announced on 8 March 2012 that a 10-year tenancy for operating and managing the new cruise terminal at Kai Tak had been awarded to Worldwide Cruise Terminals Consortium ("WCT") at a fixed rent of \$13 million, plus a variable rent, i.e. 7.3% to 34% of the gross receipts of the operator. The new cruise terminal development was officially named KTCT in October 2012. Upon completion of construction works, the terminal building and the first berth were handed over to WCT on 1 June 2013.

4. The first berth of KTCT can accommodate the existing largest cruise vessels in the world. The second berth which can accommodate normal-sized vessels has also commenced operation in September 2014. It will be able to receive the world's largest cruise vessels after carrying out the remaining seabed dredging works subsequent to the completion of gas pipe works by the Hong Kong and China Gas Company Limited. The remaining works is targeted to complete around end-2015 to early 2016.

5. Panel members may refer to the previous background brief for the meeting on 22 April 2013 (LC Paper No. CB(1)859/12-13(04)) on the "Government Design, Build and Lease Approach" and the leasing arrangements of KTCT.

#### Operation

6. In June 2013, KTCT received the first cruise liner, Mariner of the Seas. Since then, as advised by the Administration, the total number of cruise berthings at KTCT are as follows:

<b>Period</b>	<b>No. of cruise berthings</b>
From June to December 2013	9
From January to October 2014	23
From November to December 2014 (estimated figure)	5
From January to December 2015 (estimated figure)	55

7. The Royal Caribbean Cruise announced in late June 2014 that its Voyager of the Seas would homeport at KTCT for over 20 sailings between July and October 2015. The itineraries of these sailings will cover ports in Taiwan, Japan, South Korea and Vietnam, etc.

8. On 29 September 2014, the two berths of KTCT were for the first time used simultaneously for berthing two cruise ships and around 5 600 cruise passengers disembarked on that day.

#### KTCT facilities

9. WCT manages the following facilities at KTCT:

- (a) an ancillary commercial area of about 5 600 metre squares which are located mainly on the second floor of the terminal building. Retail shops, a money exchange shop and some restaurants are already open for business.
- (b) three shops at the KTCT Park on the rooftop of the terminal building. While one shop is leased to a marriage registration service company that provides wedding services, WCT will arrange leasing later for the remaining two shops.

#### Transport arrangements

10. In order to enable large number of cruise passengers to join city excursion as soon as they embark at KTCT, WCT and cruise companies have enhanced the following transport arrangements:

- (a) arranging various shuttle bus routes for cruise passengers;
- (b) giving prior notification to the taxi trade on the berthing schedules one day before the ship calls;
- (c) informing taxis to go to KTCT for picking up cruise passengers via taxi call centres in the morning of ship call days;
- (d) meeting with the taxi trade to encourage more taxi drivers to go to KTCT;
- (e) giving \$20 tunnel coupon to taxi drivers who pick up passengers at KTCT; and
- (f) stepping up efforts to disseminate information on the available transport services.

11. To facilitate local public visiting KTCT, daily green minibus service running between KTCT and Kowloon Bay is provided. The Kowloon Motor Bus Company Limited also operates a recreational bus route between KTCT and Ngau Tau Kok/Kwun Tong MTR stations during Sundays and public

holidays. Besides, WCT is exploring with a ferry service provider the option of installing a pontoon, to be moored temporarily to KTCT for providing special ferry services on days of ship calls or events.

### Promotion and events

12. The Tourism Commission, the Hong Kong Tourism Board ("HKTB") and WCT are conducting overseas publicity and stepping up collaboration with other ports, for instance, attending the "Cruise Shipping Miami" in March 2014, launching the world's first "Asia Cruise Fund" in April 2014, participating and sponsoring the "Cruise Shipping Asia-Pacific" to be held in Hong Kong in November 2014. These events will gather major international cruise companies, tourism promotion organizations, port management authorities, cruise terminal operators and trade representatives to exchange views on cruise development in the region. On the other hand, WCT has utilized the space of KTCT for hosting a variety of events, including car shows, expo and brand promotion activities etc. An overview of events held at KTCT is at **Appendix I**.

### **Previous discussions**

13. The Administration briefed the Panel on the development and operation of KTCT at seven occasions and provided 15 information notes since October 2008. Panel members paid a visit to KTCT on 22 April 2013. The views and concerns of Panel members in the following paragraphs were expressed during the current term at the meetings on 22 April and 22 July 2013 unless otherwise specified. For members' concerns raised in previous discussion, members may wish to refer to background brief for the meeting on 22 July 2013 (LC Paper No. CB(1)1522/12-13(06)). Hyperlinks to the relevant paper are provided in **Appendix II**.

### Operation and facilities

14. Some members suggested that the Administration should arrange the Panel to visit KTCT at the time when cruise liners berthed there so that members could see the various operations in action in respect of immigration clearance and baggage handling in practice.

15. Panel members expressed concern about the under-utilization of KTCT during typhoon and low seasons. The Administration advised that KTCT had adopted a wide span layout with fewer structural columns so that the waiting halls could be used for conferences and exhibitions during the non-peak seasons of cruise operations. It was expected that the opening of

the KTCT Park would bring in more visitors and business to tenants.

16. Some members suggested that artworks with local features could be displayed in KTCT and the landscaped deck of KTCT could be used for holding performances. The Administration undertook to consider members' suggestions.

#### Transport arrangements and traffic in the nearby districts

17. Panel members urged the Administration to increase the accessibility to KTCT and to improve its connectivity by, for instances, providing small passenger vessels and/or ferry service, improving the landscaping on both sides of the main road and improving the directional signs in the nearby areas. Some members were gravely concerned about the traffic situation in the vicinity of KTCT as the traffic in Kowloon Bay was already very busy and the situation would be further aggravated when a large number of cruise passengers arrived at as well as local residents visited to KTCT. They also requested that the Administration should provide public transport services for people with disabilities to use KTCT.

18. The Administration responded that it would continue to consider ways to further improve the transport arrangements at KTCT, including provision of additional directional signs and implementation of contingent traffic arrangements. As the road leading to KTCT was a dual two-lane carriageway, it should be able to meet the demand of the users of KTCT. When a cruise vessel berthed at KTCT, the shipping agent or the shore excursion operator would arrange coaches to carry the tourists between the cruise terminal and tourist spots.

19. The Administration further advised that in addition to the green minibus route which ran between KTCT and Kowloon Bay MTR station, additional public transport services would be arranged to cater for the demand if there were large-scale activities at KTCT. Marine transport would be provided for cruise passengers on a need basis when cruise liners arrived at KTCT. But in case a regular ferry service was to be provided, the operator of such ferry service would have to consider whether there would be a sufficient number of passengers to make the service financially viable. WCT would discuss with the Transport Department special transport arrangements for KTCT on weekends, holidays and particularly days when events were held there. Barrier-free facilities were provided at KTCT in accordance with the advice of the Rehabilitation Advisory Committee.

20. Some members expressed concern whether the carparking facilities for private vehicles, coaches and cross-border passenger vehicles were adequate

to meet the demand. The Administration advised that there were about 126 parking spaces for private vehicles and 70 parking spaces for coaches. It undertook to discuss with the relevant parties regarding designated parking spaces for cross-border passenger vehicles.

### Promotion

21. Members referred to the announcement of the Central People's Government in June 2012 that Mainland tour groups taking cruises from Hong Kong to Taiwan could visit Japan or Korea in the same journey before returning to the Mainland. They urged the Administration to speed up the discussion with the Mainland. The Administration advised that they would continue to liaise with the China National Tourism Administration and cruise companies to work out the detailed arrangements of this new policy. Separately, HKTb would step up various promotion activities in the Mainland, especially in the Southern part of the Mainland to stimulate the interest of Mainland residents in cruise travel.

### On-shore power facilities

22. At the Panel meetings on 28 January, 25 March and 22 July 2013, members expressed concern about the provision of on-shore power facilities at KTCT. The Administration replied that the broad international standard on provision of on-shore power facilities was formulated in 2012, and details of the standard had yet to be worked out. The Environment Bureau had commissioned the Electrical and Mechanical Services Department to conduct a feasibility study for the provision of on-shore power facilities at KTCT, and the Government undertook to present the relevant financial proposals to the LegCo for approval.

### Financial arrangements

23. At the Panel meeting on 24 January 2011, the Administration was requested to provide information on the income and expenditure associated with the operation of KTCT. The Administration would provide the written response when ready.

24. Some members expressed concern whether the rental paid by WCT would be able to meet the recurrent expenditure of about \$220 million a year and how the Government would monitor the income generated from KTCT and the operation of WCT. The Administration advised that the recurrent expenditure for operating KTCT had already been included in the financial proposal for building KTCT which had been approved by the LegCo. In addition, a management committee chaired by the Commissioner for Tourism

and comprising representatives from WCT and the relevant sectors had been formed to give operational advice to WCT and monitor its performance.

#### Restricted area at KTCT

25. Panel members in general supported the legislative proposal to regulate the use of KTCT. However, some members queried about the reason for not introducing the legislative proposal earlier and opined that the restriction on access to KTCT should be based purely on genuine security needs. The Administration explained that KTCT was a new facility and the experience gained in the inaugural berthing in June 2013 had provided useful insights on designating the restricted area in KTCT in such a way to address the security needs without affecting the smooth operation of cruise liners and the terminal operator. The restricted areas were limited to the apron, the customs and immigration hall and some important plant rooms.

#### Retention of a supernumerary post

26. At the Panel meeting on 24 October 2008, the Panel was consulted on the proposal for retention of a supernumerary post of an Administration Officer Staff Grade C in the Tourism Commission until 31 December 2014 to oversee the implementation of KTCT. When the Establishment Subcommittee ("ESC") considered this staffing proposal at its meeting on 26 November 2008, ESC members asked the Administration to review the need for retaining the post through regular reports to the Panel on the progress of KTCT. The Administration had been requested to provide regular reports on a half-yearly basis in every June and December, and to brief the Panel when necessary. Hyperlinks to the relevant information notes from the Administration are provided in **Appendix II**.

#### **Council question**

27. LegCo Members have been closely monitoring the development and operation of KTCT and raised a number of related questions at Council meetings. Questions raised in this current term are concerned about ancillary facilities, business promotion, coach parking spaces, tourism facilities, transport arrangement, management and operation of KTCT. Hyperlinks to the relevant written replies from the Administration are provided in **Appendix II**.

### **Latest position**

28. The Administration will update the Panel at its meeting on 27 October 2014 on the latest progress of KTCT since its commissioning in mid 2013 (including the shipcall arrangement and business development of KTCT, as well as the initiatives to promote cruise tourism etc).

### **Relevant papers**

29. A list of the relevant papers which are available on the LegCo website (<http://www.legco.gov.hk>) is in the **Appendix II**.

Council Business Division 4  
Legislative Council Secretariat  
21 October 2014



## Appendix I

### Events held at the Kai Tak Cruise Terminal

<b>Names of Events</b>	<b>Date</b>
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

## List of relevant papers

Meeting	Meeting/Issue Date	Paper
Panel on Economic Development	24 October 2008	<u>Agenda</u> <u>Background brief</u> <u>Minutes</u> <u>Information paper issued by the Administration</u>
	24 November 2008	<u>Information paper issued by the Administration</u>
	25 May 2009	<u>Agenda</u> <u>Background brief</u> <u>Minutes</u> <u>Information paper issued by the Administration</u>
	25 January 2010	<u>Information paper issued by the Administration</u>
	29 March 2010	<u>Agenda</u> <u>Background brief</u> <u>Minutes</u> <u>Information paper issued by the Administration</u>
	14 July 2010	<u>Information paper issued by the Administration</u>
	24 January 2011	<u>Agenda</u> <u>Background brief</u> <u>Minutes</u> <u>Information paper issued by the Administration</u>
	7 July 2011	<u>Information paper issued by the Administration</u>
	7 December 2011	<u>Information paper issued by the Administration</u>

Meeting	Meeting/Issue Date	Paper
	23 April 2012	<u>Agenda</u> <u>Background brief</u> <u>Minutes</u> <u>Information paper issued by the Administration</u>
	26 November 2012	<u>Information paper issued by the Administration</u>
	22 April 2013	<u>Agenda</u> <u>Background brief</u> <u>Minutes</u> <u>Information paper issued by the Administration</u>
	22 July 2013	<u>Agenda</u> <u>Background brief</u> <u>Minutes</u> <u>Information paper issued by the Administration</u>
	25 November 2013	<u>Information paper issued by the Administration</u>
	9 July 2014	<u>Information paper issued by the Administration</u>
	Council meeting*	24.10.2012
26.6.2013		<u>Written reply from the Administration to the question on "Ancillary facilities of KTCT" raised by the Hon Paul TSE</u>
		<u>Written reply from the Administration to the question on "Business promotion of</u>

Meeting	Meeting/Issue Date	Paper
		<u>KTCT" raised by the Hon YIU Si-wing</u>
	30.10.2013	<u>Written reply from the Administration to the question on "Measures to enhance utilization of and economic benefits brought by KTCT" raised by the Hon Paul TSE</u>
	9.4.2014	<u>Written reply from the Administration to the question on "Coach parking spaces and tourism facilities of KTCT" raised by the Hon Paul TSE</u>
	30.4.2014	<u>Written reply from the Administration to the question on "Transport facilities of KTCT" raised by the Hon TAM Yiu-chung</u>
	7.5.2014	<u>Written reply from the Administration to the question on "Management of KTCT" raised by the Hon Michael TIEN</u>
	28.5.2014	<u>Written reply from the Administration to the question on "Facilities, design and transport link of KTCT" raised by the Hon Elizabeth QUAT</u>
	15.10.2014	<u>Written reply from the Administration to the question on "Transport facilities of KTCT" raised by the Hon Paul TSE</u>

\* includes relevant questions raised since October 2012