

## LCQ2: Operation and management of Kai Tak Cruise Terminal

Following is a question by the Hon Chung Kwok-pan and a reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (January 9):

Question:

The Kai Tak Cruise Terminal (the Terminal), built at a cost of over \$8.2 billion by the Government, has been in operation for over five years since its commissioning in 2013. It has been reported that as the Terminal received no cruise ship calls for about two thirds of the days of last year, coupled with the facts that the public transport plying the Terminal is inconvenient and the Terminal lacks facilities to attract visits by tourists and members of the public, the Terminal has often been left deserted like a ghost town. In this connection, will the Government inform this Council:

1. of the number of ship calls at the Terminal, the cruise passenger throughput and its percentage in the total number of visitors to Hong Kong, their per capita spending in Hong Kong, the daily average visitor flow of the Terminal, as well as the percentage of the commercial floor areas leased out and the rental income therefrom, in each of the past five years;
2. whether it urged the terminal operator last year to conduct more promotional activities to boost the visitor flow of the Terminal; of the criteria adopted for assessing the performance of the operator, and the circumstances under which the authorities will remove and replace the operator; and
3. whether it will review afresh the modes of operation and management of the Terminal and hold more events and activities (such as conventions and exhibitions) at the Terminal, so as to boost its visitor flow?

Reply:

President and fellow members

Thanks to the Hon Chung Kwok-pan's question.

The Government has all along been committed to developing Hong Kong into a cruise hub in the region. Developing cruise tourism not only enriches our tourism portfolios in attracting a different mix of visitors, but its related economic activities also bring benefits to tourism, hotel, retail, transport as well as food and beverage industries in Hong Kong. In 2018, the Government formulated a set of comprehensive strategies and directions for cruise tourism development so as to drive the balanced, healthy and sustainable development of cruise tourism in Hong Kong.

Since its commissioning in mid-2013, the Kai Tak Cruise Terminal (KTCT) has been an important infrastructure in promoting cruise tourism in Hong Kong. Currently, KTCT has ship calls on almost half of the days each year. The overall utilisation of KTCT by cruises has exceeded the then projected performance. Therefore, it is not factual to say that KTCT is vacant for most of the time. With the continuous efforts of relevant Government departments, the transport connectivity of KTCT has greatly improved compared with the early days of its commissioning. At present, apart from daily services provided by franchised buses, green minibus and ferry operator, the terminal operator and some cruise lines would also arrange additional shuttle buses and feeder ferry services to ease cruise passengers' flow. At the same time, the Government is carrying out various projects to improve transport infrastructure in the vicinity, so as to make KTCT more accessible.

My reply to the three parts of the Hon Chung's question is as follows: 145

(1) The number of ship calls at KTCT went up from 28 in 2014 (its first full year of commissioning) to 186 in 2017, while passenger throughput increased from 130 608 in 2014 to 784 073 in 2017. Both recorded a surge of over 500 per cent. At present, KTCT has accounted for over 80 per cent of the number of ship calls and cruise passenger throughput in Hong Kong as a whole.

Back in the earlier years when the Government was considering the construction of KTCT, it was projected that the number of ship calls and cruise passenger throughput in Hong Kong as a whole would range from 181 to 258 and from 564 102 to 1 041 031 respectively by 2023. With the joint efforts of the Government and the trade, the number of ship calls and cruise passenger throughput at KTCT in 2017 have both achieved the then projected performance by 2023.

As for the leasing condition at KTCT, all seven shops in the ancillary commercial area with a total area of about 5 600 square metres were leased. The rent of the shops is commercially agreed between the terminal operator and individual shop owners and it is not appropriate for the Government to disclose such information. It is worth noting that in addition to the fixed rent, the terminal operator is also required to pay a variable rent at a designated percentage based on rentals and other income.

The KTCT is an infrastructure dedicated for cruise berthing and cruise passengers embarking/disembarking. As cruise passengers include local residents, it is inappropriate to make direct comparison between the cruise passenger throughput and the total number of visitors to Hong Kong. The Government also has no record of the daily average passenger flow of the KTCT.

Other detailed figures in relation to the cruise tourism industry in Hong Kong and KTCT in the past five years are summarised at Annex.

(2) & (3) KTCT is a purpose-built infrastructure for berthing of cruise ships

and handling large number of cruise passengers in immigration and customs control. The ancillary commercial area is also mainly for supporting cruise operation.

Currently, the cruise operation and ancillary commercial area of KTCT are operated on commercial principles by a terminal operator through open tender. The terminal operator is required to comply with various requirements as set out in the tenancy agreement, e.g. promote cruise tourism, ensure smooth operation of the terminal, engage regularly with the trade and report regularly to the relevant terminal management committee, comprising representatives from the Tourism Commission and relevant Government departments. The Government has been overseeing the performance of the terminal operator through various means such as meetings and site inspections, and has, from time to time, requested the terminal operator to make improvements in various aspects so as to ensure an orderly and effective operation at KTCT.

Despite the positioning of KTCT is to receive cruise ships and handle passengers, the Government, in order to better utilise the existing facilities, has been working closely with the terminal operator and other parties concerned to attract more people flow and add vibrancy to KTCT.

Without affecting cruise service, the terminal operator would lease out KTCT to hold various large scale private or public events, e.g. sport activities, product launches, media functions, carnivals, exhibitions, etc. In the past five years, there were about 230 days (including the time for set up, removal and reinstatement) with various events held at KTCT, attracting from hundreds to over fifty thousand participants. In the last year alone, KTCT was leased to hold a total of 10 non-cruise events. The terminal operator will continue to liaise closely with event organisers, and actively put in resources to participate in trade fairs, including overseas large scale trade exhibition, so as to promote KTCT as an event venue and widen its usage.

Looking ahead, the Government would continue to strengthen the transport connectivity in the vicinity of KTCT and support different organisations to make use of KTCT for holding events. As various developments adjacent to KTCT, including hotels, office buildings, Kai Tak Sports Park, etc. will be completed progressively in the coming years, KTCT and the adjacent area will form a commercial and entertainment cluster, the synergy of which will greatly uplift the people flow and vibrancy there.

Thank you, President.