

For information
on _____

LegCo Panel on Economic Services

RENTAL FOR HELIPAD AT HONG KONG-MACAU FERRY TERMINAL

Introduction

At the meeting held on 17 July 2001, Members asked for information on the justifications for the “helipad rental of \$50 per passenger” at Hong Kong-Macau Ferry Terminal (HKMFT).

2. This paper sets out the rental structure in leasing the helipad and explains the rationale for its adoption.

Rental structure

3. The helipad at HKMFT (“the helipad”) covers a total area of 1,361 m². It comprises a helipad, passenger platform, passenger lifts and escalators, passenger waiting room, crew waiting room and other ancillary accommodation and facilities. Since its inauguration in 1990, the helipad has been leased on a commercial basis to the Hong Kong Macau Aviation Limited.

4. Rent for the helipad is calculated according to a formula which was agreed with the company in 1990. Specifically, the rent payable is the highest of the following alternatives –

- (a) a guaranteed minimum rent (currently \$605,000 per annum);
- (b) a percentage of ticket revenue (currently 4.5%); or
- (c) a throughput charge per passenger carried (currently \$50).

5. From experience over the past decade, the actual rent paid has generally been determined by the “percentage of ticket revenue” approach.

Rationale for the rental structure

6. The rental structure described in paragraph 4 above recognises that the helipad is a unique property. Hence it is inappropriate to determine its rental value by reference to nearby commercial premises. The rental structure was so designed as to safeguard the legitimate interests of both Government as landlord and the operator as tenant. The component of minimum rent mentioned in paragraph 4 (a) was pitched deliberately at a low level as the least amount of rent to establish the tenancy, irrespective of the level of the operator’s business. The “percentage of ticket revenue” [paragraph 4(b) refers] relates the level of rent as a fixed percentage to the operator’s business and throughput. The “throughput charge” [paragraph 4(c) refers] was imposed to safeguard public revenue so that the Government’s reasonable share of

income would not be affected by the operator's sale and distribution of discounted tickets. The approaches under paragraph 4(b) and (c) are established valuation practices.

Government Property Agency

31 October 2001