

For Discussion
on 20 March 2002

Legislative Council Panel on Economic Services

Proposed Airport Authority (Permitted Airport-Related Activities) Order

Introduction

This paper seeks Members' views on a proposal by the Airport Authority (AA) for the Chief Executive to make an order under section 5(3) of the AA Ordinance (Cap. 483) to permit AA to undertake certain airport-related activities.

Background

2. At the Economic Services Panel Meeting held on 29 October 2001, Members discussed AA's Master Plan 2020 and the proposal for the Chief Executive to make an order under the AA Ordinance to extend the scope of activities in which AA may engage. The new airport-related activities envisaged include cooperation with other airports in the region, improving the Hong Kong International Airport (HKIA)'s multi-modal connections with the Pearl River Delta and provision of logistics services to enhance the competitiveness and status of the HKIA as a passenger and cargo hub.

3. Following Members' suggestion at the October meeting that wider consultations should be conducted on the proposal, AA approached a number of organisations in various trades to explain to them its plans to further develop the HKIA. These organisations include the Hong Kong General Chamber of Commerce, Chinese General Chamber of Commerce, Chinese Manufacturers' Association, Federation of Hong Kong Industries, Hong Kong Trade Development Council, Hong Kong Association of Freight Forwarders, Small and Medium Enterprises Committee of HKSAR, Hong Kong Shippers' Council, Hong Kong Tourism Board, Hong Kong Hotels Association, Travel Industry Council of Hong Kong, and Airline Operators Committee. AA also conducted a media briefing on the proposed new airport-related activities embodied in its Master Plan 2020. Separate briefing session was also conducted for commercial operators and franchisees at the airport.

4. In general, the organisations consulted are supportive of AA's long-term development plans and proposed new initiatives which are necessary to enhance Hong Kong's status as a centre of international and regional aviation. They note that to attract more passenger and cargo traffic to the HKIA, AA needs to reach out to the Pearl River Delta market. This can be achieved by strengthening the HKIA's connectivity with the Pearl River Delta through inter-modal links, cooperation with nearby airports, and providing ancillary services, especially logistics services. Some organisations also note that AA's development initiatives would create more

choices for the consumers and shippers and more investment opportunities which would benefit Hong Kong's economy.

Draft Order under the AA Ordinance

5. Section 5 of the AA Ordinance specifies AA's purposes, functions and activities. Under section 5(1), the purposes of AA are to provide, operate, develop and maintain the HKIA for civil aviation and in accordance with the objective of maintaining Hong Kong's status as a centre of international and regional aviation. It may provide facilities, amenities or services that are requisite or expedient in relation to the HKIA. Section 5(2) of the Ordinance extends AA's functions to cover any airport-related activity in trade, commerce or industry carried on at or from the land leased to AA under the Airport Land Grant (i.e. about 1,250 hectares of land at or in the vicinity of Chek Lap Kok). In addition to the above-mentioned airport-related activities which are all subject to a geographical limitation viz at or in the vicinity of the HKIA, section 5(3) of the AA Ordinance further provides for the Chief Executive to specify in an order any other airport-related activity which AA
_____ may engage in. A copy of section 5 of the Ordinance is at Annex 1 for reference.

6. It is proposed that the Chief Executive makes an order under section 5(3) of the AA Ordinance to enable AA to undertake the new airport-
_____ related activities mentioned in paragraph 2. A draft order is at Annex 2 for

Members' information. It sets out in a schedule proposed permitted airport-related activities that AA may engage in or carry on in order to enhance the status of Hong Kong as a centre of international and regional aviation. The permitted airport-related activities being proposed are limited and specific. They include entering into alliance and other cooperation arrangements with other airports, investing in other airport governing bodies and other airports outside Hong Kong, providing facilities or services (whether in Hong Kong or elsewhere) for land and sea transport between the Airport and other places, and developing logistics facilities to enhance the traffic flow through the HKIA.

7. After the Chief Executive has made the order under section 5(3) of the AA Ordinance, the order will be published in the Gazette and tabled before the Legislative Council for negative vetting.

Views Sought

8. We invite Members' views on the proposal for the Chief Executive to make an order under the AA Ordinance to permit AA to undertake certain specified airport-related activities as set out in Annex 2.

Economic Services Bureau
March 2002

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Chapter :	483	Title :	AIRPORT AUTHORITY ORDINANCE	Gazette Number :	36 of 1999
Section :	5	Heading :	Purposes of Authority	Version Date :	01/07/1977

Remarks:

Adaptation amendments retroactively made - see 36 of 1999 s. 3

(1) (a) The Authority shall, in accordance with this Ordinance and also in accordance with the objective of maintaining Hong Kong's status as a centre of international and regional aviation, provide, operate (in accordance with any law in that regard which is for the time being in force), develop and maintain, at and in the vicinity of Chek Lap Kok, an airport for civil aviation.

(b) The Authority may provide, at, as regards or in relation to the Airport (or any part thereof), such facilities, amenities or services as are, in its opinion, requisite or expedient.

(2) In addition to performing the functions assigned by subsection (1), the Authority may engage in or carry on any airport-related activity in trade, commerce or industry at or from any 1 or more places in the Leased Area.

(3) (a) In addition to the activities which it may engage in or carry on under subsection (2), the Authority may also engage in or carry on such airport-related activities as the Chief Executive may, after consultation with the Authority, permit or assign to it by order published in the Gazette. (Amended 36 of 1999 s. 3)

(b) An order under this subsection may-

(i) provide that all or any 1 or more of the activities specified in the order may be engaged in or carried on by the Authority either at or from any place whatever or at or from any place specified in the order;

(ii) contain conditions restricting or otherwise regulating, or otherwise relating to, an activity to which the order relates.

(Enacted 1995)

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Annex 2

PROPOSED AIRPORT AUTHORITY (PERMITTED AIRPORT-RELATED ACTIVITIES) ORDER

Proposed to be made under section 5(3) of the Airport Authority Ordinance (Cap.483) after consultation with the Airport Authority and the Executive Council)

1. Commencement

This order shall come into operation on [a day to be appointed by the Secretary for Economic Services by notice published in the Gazette].

2. Interpretation

In this Order, unless the context otherwise requires –

“airport governing body” (機場管治機構) includes any body, whether corporate or unincorporate, which has the functions of developing, operating or maintaining an airport for civil aviation at a place outside Hong Kong in accordance with the law of that place;

“function” (職權) includes a power and duty;

“person” (人) includes any body of persons corporate or unincorporate.

3. Permitted airport-related activities

The Authority is permitted to engage in or carry on the airport-related activities specified in the Schedule.

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1. To enter into any alliance, cooperative, joint venture or partnership arrangements with any airport governing body.
2. To acquire, hold and dispose of any share, loan or other stock, debenture, or any bond or note of, or issued by any airport governing body and includes any right, option or interest in or in respect of any of the foregoing.
3. To acquire, hold and dispose of any right or interest in or respect of any airport outside Hong Kong including any facilities, amenities or services in connection with or incidental to the operation of an airport outside Hong Kong.
4. To provide and operate, on its own or in conjunction with any other person, facilities or services (whether in Hong Kong or elsewhere) for the carriage of persons or goods, but excluding carriage by air, between the Airport and other places.
5. To provide advisory, consultancy, management or other related services to any person in relation to the development or operation of an airport outside Hong Kong.
6. To develop, provide and operate any facilities or services (whether in Hong Kong or elsewhere) for or in relation to the planning, implementation and control of the flow and storage of goods.

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Explanatory Note

This Order permits the Airport Authority to engage in or carry on the airport-related activities specified in the Schedule in order to enhance the status of Hong Kong as a centre of international and regional aviation.