

立法會
Legislative Council

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by the Administration)

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Panel on Economic Services

**Minutes of special meeting held on
Tuesday, 7 December 2004, at 2:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KWONG Chi-kin

**Non-Panel
Members attending** : Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon WONG Kwok-hing, MH

Members absent : Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon TAM Heung-man

**Public Officers
attending**

: Agenda item I

Ms Sandra LEE
Permanent Secretary for Economic Development and
Labour (Economic Development)

Mr Robin GILL
Project Co-ordinator
Economic Development and Labour Bureau

Mr John BINKS
Chief Engineer (Islands Division)
Civil Engineering and Development Department

Agenda item II

Ms Sandra LEE
Permanent Secretary for Economic Development and
Labour (Economic Development)

Mr Raymond FAN
Deputy Secretary for Economic Development and Labour
(Economic Development) 3

Mr Roger TUPPER
Deputy Director of Marine

Agenda item III

Ms Sandra LEE
Permanent Secretary for Economic Development and
Labour (Economic Development)

Mr Wilson FUNG
Deputy Secretary for Economic Development and Labour
(Economic Development) 2

Mr Darryl CHAN
Principal Assistant Secretary for Economic Development
and Labour (Economic Development)

Mr LEUNG Yu-keung
Deputy Director-General of Civil Aviation

Ms Christine TSE
Acting District Planning Officer (Hong Kong)
Planning Department

Attendance by invitation : **Agenda item I**
Project consultant
Mr Malcolm PEARSON
Executive Director/Project Management
Maunsell Consultants Asia Ltd.

Clerk in attendance : Mr Andy LAU
Chief Council Secretary (1)2

Staff in attendance : Ms Anita SIT
Senior Council Secretary (1)9

Miss Winnie CHENG
Legislative Assistant (1)5

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- I Expression of Interest on the Lantau Logistics Park**
- (LC Paper No. CB(1)376/04-05(01) - Information paper provided by the Administration
 - LC Paper No. CB(1)376/04-05(02) - PowerPoint presentation materials on "Lantau Logistics Park at Siu Ho Wan" provided by the Administration
 - LC Paper No. CB(1)394/04-05 - Background brief on the proposal to build a modern logistics park in North Lantau prepared by the Secretariat)

The Project Co-ordinator, Economic Development and Labour Bureau (PC/EDLB) introduced the subject highlighting that the initiative of developing a logistics park stemmed from a consultancy study commissioned in 2000 to develop a Competitive Strategy and Master Plan for Hong Kong to maintain its position as the preferred international and regional transportation and logistics hub. During past discussions on this subject, the Panel had urged the Administration to promote the development of the logistics industry, and was in support of the Administration's plan to build a logistics park on North Lantau.

2. PC/EDLB further said that to ensure that the proposed Lantau Logistics Park (LLP) would meet the expectations and practical needs of the industry, the Administration planned to conduct an Expression of Interest (EOI) exercise to seek industry views on the operational characteristics and planning parameters of the LLP.

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The draft EOI document (Appendix to LC Paper No. CB(1)376/04-05(01)) had been drawn up based on the findings of a recently completed Scoping Study which defined the operational characteristics and planning parameters of the LLP. The Administration planned to distribute the EOI document to about 3 600 logistics companies of varying sizes and different nature of operations. The deadline for submission of returns would be 28 February 2005. In parallel, the Administration was proceeding with the preparatory work associated with the detailed engineering feasibility study for the project, which covered environmental, traffic and other impact assessment studies. He added that the Lantau Development Task Force chaired by the Financial Secretary had drawn up a Concept Plan for Lantau, which covered various proposed developments in Lantau including the LLP. A public consultation exercise on the Concept Plan was being conducted by the Administration.

3. Mr Malcolm PEARSON, Executive Director/Project Management, Maunsell Consultants Asia Ltd. (the consultancy firm undertaking the Scoping Study) briefed the Panel on the following aspects of the LLP-

- (a) constraints to the proposed site;
- (b) forecast of demand for logistics space;
- (c) review of some regional logistics facilities (Changi Logistics Park, Airport Logistics Park of Singapore and Wai Gao Qiao Free Trade Zone in Pudong of Shanghai);
- (d) recommended size of the LLP;
- (e) logistics activities in the LLP;
- (f) operational objectives and requirements of the LLP; and
- (g) strategic significance of the LLP project.

Environmental impact

4. Mr CHAN Kam-lam said that Members of the Democratic Alliance for Betterment of Hong Kong (DAB) supported the provision of a logistics park. However, Members of DAB was concerned about the environmental impact of the reclamation works required for the formation of the site for the proposed LLP. He noted that the proposed LLP site was close to the habitat of Chinese white dolphins at Tai Ho, which was one of the 12 priority sites identified for enhanced conservation under the new nature conservation policy recently promulgated. He asked whether the Administration had carried out relevant impact assessment studies and how the Administration would strike a balance between nature conservation and the LLP development.

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5. The Permanent Secretary for Economic Development and Labour (Economic Development) (PS/EDL) said that the Administration would carry out an environmental impact assessment (EIA) for the LLP as part of the detailed engineering feasibility study for the project. The Chief Engineer (Islands Division), Civil Engineering and Development Department (CE/CEDD) pointed out that LLP was a designated project under the Environment Impact Assessment Ordinance (Cap. 499) (EIAO). CEDD had already obtained a study brief from the Environmental Protection Department for the EIA. The EIA would examine, inter alia, the environmental impact of the project on the marine ecology and the hinterland of the LLP.

6. Mr CHAN Kam-lam said that in view of the scale of reclamation required for the LLP site, he was concerned that there would be insurmountable environmental problems. He thus enquired whether alternative sites had been explored and duly considered.

7. PC/EDLB replied that an environmental impact assessment on possible reclamation at Siu Ho Wan was conducted in 2000 in the context of a study of further development in Tung Chung and Tai Ho, and no insurmountable environmental problem was identified. He also reiterated that a detailed EIA study would be conducted for the proposed LLP development.

Development timeframe

8. Mr LAM Kin-fung said that the business sector supported the provision of more infrastructure facilities for logistics activities and considered that the proposed site was suitable for the purpose. He however was concerned about the delivery timetable of the project as reclamation and basic site infrastructure works could only be completed in 2009. He was concerned that this timeframe was too long and that Hong Kong would lag behind its neighbouring places, where rapid development of logistics activities was taking place.

9. PS/EDL responded that whilst the Administration would try to expedite the project, there were statutory and other necessary procedures including EIA which the Administration had to undergo in taking forward the project.

Transport and access

10. Mr LAM Kin-fung expressed concern on whether the existing transport infrastructure was sufficient to meet the traffic demand arising from the LLP, given that substantial additional traffic demand would also be generated from other developments in Lantau such as the Hong Kong Disneyland. He was also concerned about the planning and implementation of road infrastructure between LLP and the cargo sources in the Pearl River Delta Region, including the planned Tuen Mun – Chek Lap Kok Link Road, and urged the Administration to speed up the related work so as to tie in with the operation of the LLP.

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11. Mr WONG Ting-kwong said that the business sector in principle supported the proposed LLP, which would be important for Hong Kong's economic development. He expressed concern that as the North Lantau Highway was the only existing road link connecting Lantau and the urban areas, an additional road link might be required to meet the future traffic demand arising from the developments in Lantau including the LLP. He remarked that there should be careful planning on the associated transport infrastructure to avoid any bottleneck situation as had been experienced in the Kwai Chung area.

12. PS/EDL and PC/EDLB advised that the Administration fully appreciated the importance of adequate transport infrastructure in ensuring the success of the LLP. The issues raised by Mr LAM and Mr WONG would be examined in detail under the traffic impact assessment study for the project. PS/EDL also advised that according to her understanding, the cross-boundary infrastructure and the road link between Lantau and Tuen Mun were still under planning. The Economic Development and Labour Bureau had already informed the Environment, Transport and Works Bureau of the LLP development and would continue to liaise with the latter on the matter.

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13. Mr WONG Ting-kwong requested the Administration to provide the Panel with information on the forecast traffic volume generated by the LLP, the capacity of the North Lantau Highway and the forecast volume to capacity ratios of the North Lantau Highway taking into account the LLP and other developments on Lantau.

Project financing

14. Mr KWONG Chi-kin noted that it was stated in the draft EOI document that the Government would consider the issue of project financing at a later stage. He asked whether the Administration had any preliminary thinking on the matter and what possible options would be pursued. Mr LAM Kin-fung enquired whether the LLP would be built by the Government.

15. PS/EDL advised that a survey conducted by the Administration in 2003 revealed that most industry operators were concerned about the development cost. Hence, the majority preferred the Government to form the site and provide basic infrastructure before making it available to the private sector for construction of superstructure and operation. On financing, the Administration's current thinking was that normal funding arrangements for public works should be adopted. As regards the possible modes of public-private partnership, the Administration kept an open mind and would like to listen to the views of the industry. However, in order to cater for the needs and requirements of Small and Medium Enterprises (SMEs), the LLP could make available multi-tenanted facilities suitable for SMEs and new entrants.

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Charges for the land and facilities in the LLP

16. Ms Miriam LAU said that the logistics industry was in support of the plan to build a logistics park as there was a strong demand for logistics facilities. However, as the proposed LLP would involve substantial site formation works including reclamation, the industry was worried that the future charges for the facilities in the LLP would be very high. If that was the case, she anticipated that most existing logistics enterprises would not choose to relocate their activities to the LLP. As the draft EOI document did not include any information on charges, she enquired about the Administration's current thinking in this regard. Given that reclamation involved substantial costs and took time to complete, she asked whether there were alternative site options for a logistics park such that the relevant facilities could be available for use at an earlier time and at lower cost.

17. PS/EDL reiterated that the Administration had an open mind on the financial and institutional arrangements for the LLP. The industry was welcome to provide views on these aspects. If there were strong views from the industry on the need for an alternative logistics park site, the Administration would be prepared to consider. She pointed out, however, that the chance of locating an alternative site in Hong Kong of some 72 hectares not requiring reclamation was slim.

Positioning of the LLP

18. Mr KWONG Chi-kin said that he had consulted the trade unions of the logistics industry. For those engaged in air freight activities, they considered that given the proximity of the LLP site to the Hong Kong International Airport, the LLP would contribute significantly to the development of air freight logistics activities. On the other hand, those engaged in sea freight activities had expressed reservation. They considered that unless a container terminal was built in North Lantau, few sea freight operators would make use of the facilities in the LLP. This however led to another major issue of whether the growth of container throughput in Hong Kong could justify an additional container terminal in Lantau.

19. PS/EDL responded that whilst the proximity to container terminals was important for some logistics activities, this was not imperative for all types of logistics activities, especially value-added logistics activities. That said, the LLP site could be connected to the North Lantau Highway and hence within reasonable reach from the existing container terminals in Kwai Chung. The Administration would welcome views and suggestions from the logistics industry on the location of the logistics park.

20. Mr Abraham SHEK said that he basically supported the plan to develop a logistics park. He considered that before a decision was taken to inject a lot of public resources to provide the 72-hectare LLP, it was necessary to establish whether there was sufficient demand for the logistics facilities and hence the viability of the logistics park. In this regard, he questioned whether the Administration's forecast of container throughput and air cargo volumes (paragraph 4.1.3 of the draft EOI document) and demand for logistics facilities (in terms of Gross Floor Area as set out in paragraph

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4.1.6 of the draft EOI document) had taken into account the logistics development in Shenzhen and Zhuhai, the establishment of the Pan-Pearl River Delta Regional Co-operation and Development Forum (commonly referred to as “9+2”) and other relevant developments which would affect the cargo growth in Hong Kong. He also asked how the LLP was related to the possible development of Container Terminal 10.

21. PS/EDL advised that the forecasts of container throughput and air cargo volumes as set out in the draft EOI document were extracted from the relevant studies which had already taken into account the development of relevant logistics facilities in the region. It was envisaged that the LLP would be particularly suitable for value-added logistics activities, many of which did not rely on container terminal facilities. Hence, the LLP should be considered in its own right and independent from whether there was a need to construct additional container terminal facilities in Hong Kong.

22. Mr Abraham SHEK further commented that the Administration should carefully position the LLP with a clear vision of the types of cargoes that would be handled and the types of activities that would be accommodated at the LLP. He sought elaboration from the Administration on these aspects.

23. PS/EDL referred members to the Powerpoint presentation slide on “Logistics Activities in the LLP” where the logistics activities were grouped under four categories, namely “forwarding”, “third-party logistics”, “value added” and “brokerage”. PS/EDL said that apart from the conventional logistics activities such as freight forwarding, storage and warehousing, there was also good potential for Hong Kong to further develop third-party and value-added logistics services. The proposed LLP would be conducive to this development by attracting various product sectors in the region to exploit the advantages offered by such a new facility. She also envisaged that the LLP would be particularly suitable for air cargo logistics activities. She reiterated that the purpose of the EOI exercise was to canvass views from the logistics industry on the operational characteristics and planning parameters of the LLP.

24. Mr Abraham SHEK commented that the forecast air freight growth did not seem to justify a 72-hectare LLP. He stressed that to ensure that public resources were properly utilized for the proposed LLP, the Administration should plan the facility based on detailed and precise analyses of cargo growth, the changing requirements of the product sectors and the trends of logistics taking into account the developments in the Pearl River Delta region.

25. PS/EDL clarified that out of the 72 hectares planned for the LLP, only some 40 hectares would be lettable. Moreover, as certain supporting facilities/services would also take up space, the site areas available for logistics services would be less than 40 hectares. Mr Abraham SHEK remarked that for Hong Kong, a site of 40 hectares was already a very large piece of land.

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II Subsidiary legislation relating to the Merchant Shipping (Local Vessels) Ordinance

(LC Paper No. CB(1)376/04-05(03) - Information paper provided by the Administration)

26. When introducing the paper, PS/EDL pointed out that taking into account the latest development and views expressed by members at previous Panel meetings, the Administration proposed to modify two draft Regulations to be made under the Merchant Shipping (Local Vessels) Ordinance (Cap. 548). These two draft Regulations were –

(a) Merchant Shipping (Local Vessels) (Compulsory Third Part Risks Insurance) Regulation (“Insurance Regulation”); and

(b) Merchant Shipping (Local Vessels) (General) Regulation (“General Regulation”).

With regard to the Insurance Regulation, during the Panel discussion on 24 February 2003, members agreed to the minimum liability cover proposed by the Administration, as recapitulated in paragraph 8 of LC Paper No. CB(1)376/04-05(03). To address members’ concern about the application of the compulsory third party risks insurance requirements to river trade vessels, the Marine Department had informed the Guangdong Shipowners’ Association (GDSOA), the Guangdong Maritime Safety Administration and the Maritime Administration of the Macau Special Administrative Region Government (Macau MA) of the plan to impose compulsory insurance requirements, and ascertained through them the readiness of their river trade vessels to comply with the insurance requirements when they were in the waters of Hong Kong. GDSOA had requested a grace period of six months from the effective date of the Insurance Regulation to allow time for Guangdong river trade vessels to gear up for compliance. Macau MA had not raised any particular concern. In view of the feedback, the Administration proposed to implement the Insurance Regulation in two phases as detailed in paragraph 11 of LC Paper No. CB(1)376/04-05(03).

27. PS/EDL further said that since river trade vessels were not certificated in Hong Kong, the insurance requirements would be imposed on them at their point of entry into Hong Kong waters. The detailed arrangements would be prescribed in the General Regulation.

28. Ms Miriam LAU said that the trade was in support of the proposal to impose compulsory third party risks insurance requirements on all vessels operating within Hong Kong. However, the trade was concerned that this mandatory requirement would induce an increase in insurance premium and add to operating costs. Whilst she understood that the Administration was not in a position to regulate insurance premium, she urged the Administration to ensure a sufficient pool of insurers who offered this type of insurance such that competition amongst them would help ensure a reasonable premium level. In this connection, she suggested that the Commissioner of Insurance (CoI) should provide a list of insurers offering this type of insurance to

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local operators in the sea transport trade to facilitate their compliance with the new requirement. She also suggested that the relevant authorities in Guangdong and Macau be requested to provide the same information for their river trade vessels operating in Hong Kong.

29. Ms Miriam LAU further said that in the past, CoI had provided assistance to those operators in the land transport trade who had difficulties in taking out the mandatory third party risks insurance for their vehicles. Likewise, she opined that CoI should provide similar assistance to operators in the sea transport trade upon implementation of the proposed Insurance Regulation, if required.

30. PS/EDL undertook to convey Ms Miriam LAU's concerns and suggestions to CoI for consideration and follow-up. The Deputy Director of Marine supplemented that apart from the minimum liability cover, the level of insurance premium was subject to a whole range of other factors including the conditions of the vessel concerned and the areas in which the vessel operated. During the relevant discussion at the Provisional Local Vessel Advisory Committee, the representative from the insurance industry indicated that the estimated increase in premium as a result of the proposed increase in the minimum liability cover from \$0.6 million (applicable to pleasure vessels at present) to \$1 million (proposed to be applicable to all types of local vessels except for vessels with more than 12 fare-paying passengers but which were not kaitos or shuttle passenger sampans in typhoon shelters) could be in the range of 2% to 13%.

31. Mr Ronny TONG said that if operators in the trade came together to take out the mandatory third party risks insurance, they would probably be able to negotiate for a lower insurance premium. He however concurred that if the Administration took necessary actions to ensure sufficient competition among insurers, the problem of substantial increase in insurance premium would not arise.

III Proposed domestic heliport development

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| (LC Paper No. CB(1)376/04-05(04) | - | Information paper provided by the Administration |
| LC Paper No. CB(1)399/04-05(01) | - | Submission from Central & Western District Council |
| LC Paper No. CB(1)416/04-05(01) | - | Submission from Sir Elly Kadoorie & Sons Limited) |

32. Members noted that two letters from PS/EDL to Sir Elly Kadoorie & Sons Limited (SEKSL) dated 2 and 3 December 2004 were tabled at the meeting. The letter dated 3 December 2004 was tabled at the request of SEKSL whilst the letter dated 2 December 2004 was tabled at the request of the Administration.

(Post-meeting note: The two letters were issued vide LC Paper No. CB(1)442/04-05 on 8 December 2004.)

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33. Introducing the proposed permanent domestic heliport (PDH) development, the Deputy Secretary for Economic Services and Labour (Economic Development) 2 (DS/EDL2) briefed members on the need for a PDH, the requirements for a suitable site for a PDH and the reasons for which the waterfront site of 7 400 square metres (m²) in front of the Western Park Sports Centre (WPSC) in Sheung Wan was considered suitable for a PDH.

34. In reply to the Chairman, PS/EDL confirmed that given the stringent requirements for a PDH, the Administration could only identify the proposed site at Sheung Wan for the purpose. A consultancy study commissioned on the project had confirmed the technical feasibility of the site and that the site should be able to meet the relevant environmental and traffic requirements.

35. Mr Fred LI said that the Central and Western District Council (C&WDC) had passed a motion in May 2004 objecting to the proposal to develop a domestic heliport in the District. He opined that the Administration should have included the information in its paper for members' information. DS/EDL2 responded that at the time the C&WDC considered the motion, the details including the design of the proposed PDH was not yet available. As such, C&WDC had expressed only a general view on the matter. The Administration indeed had plans to fully consult the C&WDC in January 2005 on the proposed PDH and would take the opportunity to address the concerns of the District Council.

36. Mr Fred LI asked whether the proposed site in Sheung Wan was recommended in the Consultancy Study on Helicopter Traffic Demand and Heliport Development in Hong Kong commissioned in 2001, and if not, how the Administration had identified the site. DS/EDL2 advised that the study had confirmed that the chance of having a suitable site along the harbour front and in close proximity to the central business district (CBD) was low, and thus suggested that further site search be made in West Kowloon or Cyberport. The Administration had consulted the two existing operators of domestic helicopter services over the Consultancy Report and both of them considered that if the PDH was to be sufficiently patronized or viable at all, it must be in close proximity to the CBD. In view of the feedback from the operators, the Administration continued the site search in the CBD and the neighbouring districts.

37. Mr Fred LI referred to the letter from PS/EDL to SEKSL dated 3 December 2004 in which PS/EDL stated that in 2001, the Legislative Council (LegCo) determined that the helipad at the Hong Kong Convention and Exhibition Centre (CEC) should be strictly confined to uses by the Government Flying Services (GFS). He sought clarification on this statement. DS/EDL2 advised that in considering the then proposed Wan Chai Development Phase II, members of the Panel on Planning, Lands and Works noted the proposal to provide a helipad to the north of CEC. Panel members expressed reservation on the proposal as they were concerned that the proposed helipad would cause undue disturbance to the neighbouring land uses in particular the Golden Bauhinia Square outside CEC, which was a very important tourism spot. In view of the grave concern, the Administration made an undertaking that only a small helipad strictly confined to Government and emergency uses would

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be provided to minimize the disturbance to the neighbouring land uses. It was based on this understanding that the Panel had accepted the proposed helipad to the north of CEC.

38. Taking note of DS/EDL2's clarification, the Chairman referred to paragraph 12 of the Administration's paper on "Helicopter Traffic Demand and Heliport Development in Hong Kong" for the meeting of this Panel on 23 June 2003, where there was a statement that "we fully understand the clear views of the Legislative Council that the helipad should be confined to Government and emergency uses". The Chairman commented that it should have been clearly specified that those were the views expressed by members of the Panel on Planning, Lands and Works.

39. Mr Fred LI said that as C&WDC was of the strong view that the Government sites along the waterfront of the district should be designated for provision of amenities for use by the public, it was understandable that they would object to the proposal to develop a heliport at the Sheung Wan site. He sought details on how the WPSC could serve as a natural noise barrier and its effectiveness in mitigating the noise impact of the proposed PDH on neighbouring land uses.

40. DS/EDL2 advised that the WPSC was about 24 metres high. The preliminary assessment was that the WPSC would serve as a noise barrier to contain the noise level to below 85 dB(A) as prescribed in the Hong Kong Planning Standards and Guidelines (HKPSG). He further said that upon securing members' support for the present proposal, the Administration would proceed with an EIA for the project as required under the EIAO. The EIA would ascertain the need or otherwise for additional noise mitigation measures to control the noise impact of the heliport to below the statutory limit. He also confirmed that the EIA would be conducted based on the scenario that the heliport would be utilized to its full capacity.

41. In reply to the Chairman's enquiry, DS/EDL2 confirmed that additional noise barriers between the WPSC and the proposed heliport building, shown as an L-shaped orange dotted line on the layout plan of the Administration's paper, would be required. The noise barriers would be of similar height as the WPSC. In reply to Mr LAM Kin-fung's enquiry, DS/EDL2 advised that the statutory noise limits were only applicable to noise sensitive receivers. Residential developments were noise sensitive receivers whilst commercial office premises were not. Hence, the heliport at Macau Ferry Terminal did not give rise to major noise problem.

42. Ir Dr Raymond HO also expressed concern that apart from the residential developments nearby, the operation of helicopter services at the Sheung Wan site would cause serious disturbance to the users of the WPSC. DS/EDL2 explained that the wall of the WPSC facing the harbour was a concrete wall without windows, and thus it could serve as a very effective noise abatement device.

43. Mr CHAN Kam-lam said that Members of DAB in principle agreed that there was a need to provide a PDH. With regard to the proposed Sheung Wan site, he was concerned about the noise impact of the heliport on the nearby residents. He also

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understood that given the lack of amenities in the Central and Western District, there had been incessant calls from the local community for provision of such facilities at the harbour front areas. He thus asked the Administration to actively explore an alternative suitable site and suggested that the northern tip of Kai Tak was worth considering. He added that if it took a longer time to develop a PDH, which ideally should accommodate both Government uses and commercial uses, at an alternative site, consideration might then be given to using the Sheung Wan site for commercial helicopter services on a temporary basis.

44. The Chairman recalled that during past discussions of this Panel, members had expressed the view that the PDH should be located at or near the CBD in order to be convenient to users. Mr CHAN Kam-lam responded that the chance of finding a suitable site without reclamation at or near CBD was slim as these areas were all well developed with lots of residential developments located near to the harbour front.

45. On the suggestion of accommodating GFS and commercial helicopter services at one single site, DS/EDL2 explained that the GFS helipad must be located close to the Police Headquarter Building to meet emergency operational requirements of the Police. It was mainly on this consideration that the CEC site was chosen for provision of a GFS helipad notwithstanding the various constraints. With the enactment of the Protection of the Harbour Ordinance (Cap. 531) and the judgment of the Court of Final Appeal (CFA) on the statutory principle of protection and preservation of the harbour, the Administration considered that only on account of the operational requirements of the Police that the reclamation required for the helipad at CEC could be justified.

46. DS/EDL2 further said that, at present, GFS was accommodated temporarily at the breakwater east of the Causeway Bay Typhoon Shelter. On 21 May 2004, Wan Chai District Council passed a motion that the use of the temporary helipad must be strictly confined to Government uses and commercial uses must not be allowed. One could thus reasonably anticipate that any site along the harbour front on the Hong Kong Island would face objection from the District Council concerned. In fact, since 1998, the Administration had undertaken five rounds of detailed site search and a number of studies had been conducted covering over 10 potential sites. Even if more studies or site searches were carried out, it was unlikely that a site more suitable than the proposed one in Sheung Wan could be identified.

47. Mr CHAN Kam-lam said that he would not give his support for the proposed PDH at the Sheung Wan site at this meeting, as the Administration had yet to convince C&WDC and the local residents that with appropriate measures, the proposed heliport would not cause undue disturbance to them. He also remarked that the requirement of locating the PDH in close proximity to the CBD appeared to be impractical.

48. Mr WONG Ting-kwong considered that the provision of a PDH was necessary. He highlighted that as the statutory noise limit applicable to road traffic was 70 dB(A), one could imagine that the noise impact of 85 dB(A) would be substantial. Moreover, given that there would be more than 100 helicopter movements each day in the PDH,

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the Administration should take adequate measures to mitigate the noise impact of the PDH, irrespective of its final location. DS/EDL2 assured members that the Administration would implement the noise mitigation measures as recommended in the EIA for the proposed Sheung Wan PDH.

49. Mr LAM Kin-fung considered that for the heliport to be adequately patronized, it was necessary for it to be located in proximity to CBD. He enquired about the feasibility of co-locating both the domestic and cross-boundary heliports at Macau Ferry Terminal or reclaiming a small piece of land at the existing cargo handling area outside Macau Ferry Terminal to provide a PDH.

50. DS/EDL2 replied that most of the helicopters used for domestic services were single-engine helicopters. According to the safety requirements imposed by the International Civil Aviation Organization, the site for the landing/take-off of single-engine helicopters must be at surface level with unobstructed flight path. As the heliport on top of the Macau Ferry Terminal was an elevated one, it was not suitable for use by single-engine helicopters.

51. As regards the suggestion of reclaiming a site at the harbour front for a PDH, DS/EDL2 said that as any harbour reclamation must satisfy the “over-riding public need” principle according to the ruling of the CFA on the Wan Chai Development Phase II delivered in January 2004, the Administration believed that given that there was already a suitable site available in Sheung Wan, the proposal of reclaiming another site to accommodate commercial helicopter services would not satisfy the said principle and would be susceptible to legal challenge by any member of public.

52. Ms Miriam LAU considered that given the very strong and growing demand for commercial helicopter services, there was a genuine and urgent need for a PDH. The continued absence of such a facility would have adverse effects on Hong Kong’s tourism and economic development. However, she appreciated the concern of the residents in Central and Western District and thus suggested that the Administration should seriously address the noise issue through various measures including imposing restrictions on the operating hours of the PDH. In addition, the Administration should consider providing a public park elsewhere in the district to satisfy the needs of local residents.

53. DS/EDL2 replied that the Administration had no fixed plan on the operational hours of the PDH at present. Currently, the temporary commercial helipad at West Kowloon operated up to 9:00 pm, and he understood that the helicopter services were very popular during night time. He assured members that the Administration would seriously consider the views of C&WDC. If the District Council requested for the compensation for the loss of open space within the District, he believed that the Planning Department would take them into account in the overall planning of the District.

54. In reply to the Chairman’s enquiry about the planned helipad at CEC for GFS uses, DS/EDL2 advised that reclamation works required for the planned helipad had

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not been undertaken and the entire Wan Chai reclamation was under review. The current plan was to demolish an existing pier and reclaim some 700 m² to form the site for the helipad. This was the minimum scale of reclamation necessary for the helipad which could provide two pads and no refuelling facility. The two pads could not be used concurrently for the landing or take-off of helicopters. Based on the estimated usage of GFS, the planned helipad at CEC would only have a small extent of spare capacity for at most 20 additional daily movements. This evidently could not meet the demand for commercial helicopter services.

55. Mr Ronny TONG noted that apart from C&WDC, the operators of existing commercial helicopter services also objected to the proposed Sheung Wan site. The operators had also indicated that they would not fund a PDH project. He thus doubted whether the present proposal was viable given the objections by major stakeholders. He also opined that if the Administration heeded the demand of Wan Chai District Council that no commercial helicopter services should be accommodated at the Wan Chai waterfront, C&WDC should be treated equitably. He further commented that from the perspective of the general public, it was preferable to minimize the number of heliports, taking into account the noise and other environmental impacts of heliport operations. He thus considered that the primary issue to be addressed was whether and how the difficulties of co-locating GFS and commercial heliport services could be overcome. Based on the correspondence between PS/EDL and SEKSL, it appeared that the major difficulty facing the Administration was that in 2001, LegCo had determined that the helipad at the CEC should be strictly confined to GFS uses. But according to the explanation given by the Administration at this meeting, harbour reclamation was in fact the major difficulty. According to his understanding, the CFA ruling did not have the effect of prohibiting harbour reclamation per se. Instead, there might be adequate justifications for such reclamation based on public interest. He sought details of the required reclamation for the planned GFS helipad and the additional reclamation required if a GFS-cum-commercial heliport at CEC was pursued.

56. DS/EDL2 said that the Administration had had a lot of discussions with the operators. Apart from LegCo Members' views about the use of the CEC site, the Administration had also explained to the operators the various other reasons and problems associated with the option including the security and capacity limitations. The operators contemplated that if the Sheung Wan site proposal was aborted, the PDH would be accommodated at the CEC site, which was their first preference. For the planned GFS helipad, it was necessary to reclaim a narrow strip of 768 m² to make up a total site area of 3 500 m² for two pads. The site area of the Sheung Wan site was 4 400 m², discounting the reserved area of 3 000 m² for future expansion. If a GFS-cum-commercial heliport were to be provided at CEC, additional reclamation of roughly about 1 000 m² would probably be required to provide two additional landing/take-off pads, two parking pads, a passenger lounge and a refuelling facility. The Administration's preliminary assessment was that the additional reclamation for the purpose of accommodating commercial helicopter services would not satisfy the "overriding public need" principle under the CFA ruling, in particular when there was a reasonable alternative in Sheung Wan without the need for reclamation.

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57. Ir Dr Raymond HO concurred with Mr Ronny TONG that the Administration should actively consider the option of providing a GFS-cum-commercial heliport at CEC. He considered that the provision of a PDH was particularly important for the tourism development in Hong Kong and the PDH should preferably be located on the Hong Kong Island. He also asked if the alternative of building a small island or lagoon in the harbour to serve as a heliport had been explored. DS/EDL2 replied that a similar idea had been included in the original plan for the Wan Chai Development Phase II, and this had been ruled by the court as being in breach of the Protection of the Harbour Ordinance.

58. In reply to Mr David LI's enquiry, DS/EDL2 advised that for the ten-months January to October 2004, there were about 4 000 helicopter movements for Government uses and about 6 800 movements for private and commercial uses. The Administration envisaged that there would be a strong growth in the demand for commercial helicopter services but not so for Government uses, which should remain steady in the next few years. As such, the Administration was planning a small helipad at the CEC site with only two pads.

59. In response to Mr David LI's query as to whether the Administration had discussed with the operators to explore the viability of a shared heliport, DS/EDL2 replied that the Administration had all along maintained liaison with the two existing operators on the PDH project. Their preferred option was accommodating both GFS and commercial services at the CEC site and they considered this a viable option. The Administration had explained to them the difficulties and uncertainties involved in pursuing this option, particularly the difficulty that additional reclamation would be subject to challenge in the court.

Admin 60. At the request of Mr David LI, the Administration agreed to provide a breakdown, in terms of the different categories of uses, of the Government and emergency uses of helicopter services in the past few years.

61. Mr Abraham SHEK opined that the Administration should pursue the option of accommodating both GFS and commercial services at one site to minimize the disturbance to the public and to save resources. He urged the Administration to further examine the feasibility of providing a shared heliport at the CEC site. He commented that the Administration should not presume that the small amount of additional reclamation for this option would be in breach of the law.

62. DS/EDL2 responded that whilst it was technically feasible to provide a GFS-cum-commercial heliport at the CEC site, the Administration's assessment was that undertaking additional reclamation in the harbour to provide a facility for commercial uses when there was an alternative suitable site in Sheung Wan not requiring reclamation would be in breach of the Protection for the Harbour Ordinance.

63. Mr Abraham SHEK then asked whether the Administration had considered providing an alternative site for Government uses and let the private sector use the

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CEC site to operate commercial helicopter services, whilst reserving the Sheung Wan site for emergency uses.

64. DS/EDL2 responded that the helipad at the CEC site was planned for various types of Government uses, and one major usage was to support police operation, emergency and search and rescue exercises, and for this purpose, it was necessary for the GFS helipad to be close to the Police Headquarters in Admiralty. It was on the basis of this very important government function that the Administration considered it justifiable to undertake limited reclamation to provide a Government helipad at the harbour front.

65. The Chairman referred to a motion moved by Mr Fred LI with the following wording-

“鑑於現時政府建議的區內直升機場的選址，嚴重影響隔鄰中山公園使用者及附近民居，加上中西區區議會強烈反對上述建議，本委員會要求政府盡快另覓合適地點，興建區內直升機場。”

He said that according to the relevant House Rule, the motion would be proceeded with if agreed by a majority of the members voting. However, before putting to members the question as to whether the motion should be proceeded with, he would like to seek members' views on whether the Panel should conduct another meeting to further discuss the subject with the Administration, C&WDC and the operators of domestic helicopter services with a view to working out a viable option acceptable to various stakeholders. As the Administration would consult C&WDC in January 2005, it would be opportune to conduct the additional meeting shortly thereafter.

66. Both Ir Dr Raymond HO and Mr Abraham SHEK expressed support for the Chairman's suggestion. However, they both indicated that if the Panel decided to proceed with the motion proposed by Mr Fred LI, they would each propose an amendment to the motion.

67. Ms Miriam LAU said that instead of expressing a political stance on the subject at this stage, a practical approach to the matter was to identify a viable option for the PDH development. She therefore supported the Chairman's suggestion. She further said that Members of the Liberal Party considered that there was a genuine need to put in place a PDH and further delay on the matter was undesirable. On the idea of providing a PDH or a GFS-cum-commercial heliport at the CEC site, Members of the Liberal Party considered that if the difficulties/uncertainties in relation to the required additional reclamation could be overcome, say if legal opinions and green groups were positive on this option, this option should then be pursued.

68. Mr Fred LI said that he had no intention at all to politicize the matter. He did not agree that voting on the motion he proposed should be equated with an expression of political stance. In view of the Chairman's suggestion of conducting an additional

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meeting to hear the views of concerned parties, he would withdraw the motion he had proposed.

69. On the parties to be invited to attend the special meeting, members agreed that the following parties would be invited to exchange views with the Panel on the matter –

- (a) C&WDC;
- (b) Wan Chai District Council;
- (c) Helicopter service operators; and
- (d) Society for the Protection of the Harbour Limited.

DS/EDL2 said that as the subject under discussion involved town planning and land use issues and that the usage of the GFS helipad at the CEC site had been discussed at the Panel on Planning, Lands and Works (PLW) in the past, it would be more desirable to conduct a joint meeting with the PLW Panel. He also suggested that apart from the Economic Development and Labour Bureau, representatives from the Housing, Planning and Lands Bureau and the Security Bureau should also be invited to the meeting. After deliberation, members agreed that a joint meeting with the PLW Panel be held in January 2005. Representatives from the concerned organizations and relevant bureaux should be invited to the meeting.

70. Mr Abraham SHEK asked the Administration to provide the Panel with the correspondence between the Administration and SEKSL on the proposed PDH development. PS/EDL said that whilst the Administration had no objection to releasing the correspondence, it was necessary to obtain the consent of SEKSL for so doing. In case the latter did not agree, the Administration would have to report the situation to the Panel Chairman. In reply to the Chairman's enquiry, PS/EDL confirmed that the consent of Sir Elly Kadoorie & Sons Limited was a pre-requisite for the release of the correspondence.

(Post-meeting note: The correspondence between the Administration and SEKSL on the proposed PDH development was issued to members vide LC Paper No. CB(1)581/04-05 on 23 December 2004.)

IV Any other business

71. There being no other business, the meeting ended at 4:40 pm.