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Panel on Economic Development
Meeting on 26 November 2007

Background brief on
Development of a new Civil Aviation Department Headquarters
on the Airport Island

Purpose

This paper sets out the background of the development of a new Civil Aviation Department (CAD) Headquarters on the Airport Island and summarizes the major views and concerns expressed by Members of the Legislative Council (LegCo Members) on the subject.

Justifications for a new CAD headquarters

Scattered accommodation and its shortcomings

2. At present, CAD's headquarters and its five functional divisions are scattered among four different locations. Three of these were on the Airport Island while one was located in the Central Government Office in Queensway¹. Given that aviation is a highly specialized and multi-disciplined industry and its regulation requires close collaboration among different functional divisions of CAD, the Administration considers that from the operation angle scattered accommodation is highly undesirable. It hinders efficient communication among the divisions and between divisions and headquarters and results in duplication of administrative and support efforts with unnecessary travel between the scattered offices as well as time wasted in undergoing security screening between the land

¹ The existing CAD headquarters and the Air Services Division are located in Queensway Government Offices, the Air Traffic Management Division is situated at the air traffic control (ATC) centre on the air-side of the Hong Kong International Airport (HKIA), the Flight Standards and Airworthiness Division and the Engineering and Systems Division are located in the Airport Freight Forwarding Centre of HKIA, and the Airport Standards Division is in the Passenger Terminal Building.

and air sides of HKIA. Moreover, it slows down CAD's response time in emergency situations such as serious aircraft incidents. It also prevents CAD from providing convenient one-stop service to the aviation industry and the public.

Accommodation for the new air traffic control system

3. To meet the increased demand for ATC services arising from projected air traffic growth, CAD is going to replace the existing ATC system.² According to the Administration, the new ATC system requires a space three times the size of the existing ATC centre. In-situ replacement is not possible given the limited space and disruption caused to the on-going ATC services. In addition, due to the lack of space and suitable area in the vicinity, expansion of the existing ATC centre is not a viable option.

4. Given the reasons set out in paragraphs 2 and 3 above, the Administration proposes to develop a new CAD headquarters to house the new ATC system and the various divisions of the CAD. The Administration considers that besides addressing the shortcomings of scattered accommodation, a co-located CAD headquarters will enhance the speedy provision of ATC services and effective regulation of the aviation community, and maximize synergy among the various stakeholders who are also located on the Airport Island.

The proposed new CAD headquarters

5. With the consent of the Airport Authority Hong Kong (AA), a site at the southeastern part of Airport Island has been identified as the location for the new CAD Headquarters cum ATC centre. In end November 2006, the Architectural Services Department (ASD) completed a study on the proposed location and confirmed that the project at the selected site was technically feasible with no adverse impact on the environment.

6. According to the Administration, the proposed scope of the project comprises accommodation for the ATC centre, all air traffic control and telecommunications equipment, office and operational space required by relevant divisions and CAD's equipment maintenance contractors, training facilities, a Rescue Coordination centre, air traffic control/telecommunications simulators, area for research and development, briefing and investigation rooms, examination facilities for the licensing of aviation professionals, aircraft accident investigation facilities, server rooms, and common supporting facilities including a library, an auditorium, conference rooms, a cafeteria and car parking facilities.

² The existing ATC system has been in operation since the opening of HKIA in 1998 and will reach the end of its usable life by around 2012. At the meeting on 11 May 2007, the Finance Committee approved a commitment of \$1.565 billion for the replacement of the ATC system. According to the Administration, the new system is expected to commence operation by end 2012.

Construction is tentatively scheduled to commence in the third quarter of 2008 and estimated to be completed in the fourth quarter of 2011.

Consultation

7. CAD has sought comments on the project for the construction of a new CAD headquarters and the replacement of existing ATC system from representatives of the aviation industry, including International Air Transport Association, Board of Airline Representatives, AA, Airline Operators Committee, airlines holding the Air Operator's Certificates issued by CAD, Hong Kong Aircraft Engineering Co. Ltd. and Hong Kong Air Traffic Control Association. According to the Administration, the industry representatives in general support the project³. Also, nothing that the proposal can meet the development needs of the aviation industry, the Aviation Development Advisory Committee⁴ has also indicated its support for the proposal.

Discussion by LegCo Members

8. At the meeting on 26 February 2007, the Administration briefed the Panel on Economic Services on the project to replace the existing ATC system and develop the new CAD headquarters on the Airport Island. The Panel supported CAD's proposal in general. The Establishment Subcommittee also endorsed on 25 April 2007 the creation of one supernumerary post of Assistant Director-General of Civil Aviation (D2) for a period of five years and six months to take forward the proposed replacement of the ATC system and the development of a new CAD headquarters. When the Finance Committee examined the funding application for the replacement of the ATC system at the meeting on 11 May 2007, issues related to the proposal to develop a new CAD headquarters was also discussed. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

³ Some representatives are concerned about the possible increase in ATC and En-route Navigation Charges resulting from the financial investment by CAD in the project and have asked for greater transparency in any adjustment to these charges in future.

⁴ The Government established the Aviation Development Advisory Committee on 1 September 2005 to replace the Aviation Advisory Board. The committee was chaired by the then Secretary for Economic Development and Labour and now the Secretary for Transport and Housing to advise the Government on the full spectrum of aviation-related matters. The committee works closely with the local aviation and related industries, AA, the Trade Development Council and the Government to develop the aviation sector and further consolidates Hong Kong's status as a centre of international and regional aviation.

9. Members noted that the amortized project cost for replacing the ATC system and building the headquarters would be recovered through the ATC service charges from aircraft landing at HKIA and en-route navigation charges from overflying aircraft. According to the Administration, in anticipation of growth in air traffic, the former charges would only increase mildly while no increase in respect of the latter was envisaged. A member expressed concern that under the "user pays" principle, it was fairer to require both overflying aircraft and aircraft using HKIA to shoulder the additional costs.

10. To cater for future growth in air traffic, some members urged the Administration to earmark additional space in the new headquarters for future expansion. The Administration assured that sufficient space would be reserved for office accommodation and system replacement in the new ATC centre.

11. On environmental front, members enquired about measures to mitigate adverse impacts during construction of the CAD headquarters and the feasibility of using renewable energy (RE) in the new building. The Administration advised that the proposed site was the most suitable for developing the new CAD headquarters having regard to considerations including environmental impacts. While the use of RE could be considered, the Administration stressed that it would be essential to ensure that the power supply to the ATC system would be steady and not exposed to the risk of interruption.

12. On members' enquiry about the participation of local building professionals and suggestion of holding an open design competition for the project, the Administration advised that ASD would assist in the design and construction of the building but CAD would welcome input from building professionals.

Latest development

13. The Administration has finalised details of the building project of the new CAD headquarters and will brief members on the proposal at the meeting of the Panel on Economic Development on 26 November 2007.

References

14. A list of the relevant papers is in the **Appendix**.

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List of relevant papers

Panel/Committee	Date	Paper
Panel on Economic Services Panel (ES Panel)	26 February 2007	<p>Administration's paper on "Replacement of the Civil Aviation Department (CAD)'s air traffic control system and development of a new CAD Headquarters on the Airport Island" (LC Paper No. CB(1)966/06-07(04)) http://www.legco.gov.hk/yr06-07/english/panels/es/papers/es0226cb1-966-4-e.pdf</p> <p>Powerpoint presentation materials on replacement ATC System and integrated CAD building at CLK provided by the Administration (LC Paper No. CB(1)1021/06-07) http://www.legco.gov.hk/yr06-07/chinese/panels/es/papers/es0226cb1-1021-ec.pdf</p> <p>Minutes of the meeting (LC Paper No. CB(1)1311/06-07) (paragraphs 29 to 41) http://www.legco.gov.hk/yr06-07/english/panels/es/minutes/es070226.pdf</p>
Establishment Subcommittee of Finance Committee	25 April 2007	<p>Administration's paper on "Proposed creation of one supernumerary post of Assistant Director-General of Civil Aviation (D2) for a period of five years and six months and creation of one permanent post of Chief Air Traffic Control Officer (D1) in Civil Aviation Department with effect from 1 October 2007 to cope with the robust growth in air traffic and to ensure the continued provision of safe and reliable air traffic control service" (LC Paper No. EC(2007-08)1) http://www.legco.gov.hk/yr06-07/english/fc/esc/papers/e07-01e.pdf</p> <p>Minutes of the meeting (LC Paper No. ESC18/06-07) (paragraphs 2 to 14) http://www.legco.gov.hk/yr06-07/english/fc/esc/minutes/es070425.pdf</p>

Panel/Committee	Date	Paper
Finance Committee	11 May 2007	Administration's paper on "Replacement of air traffic control system" (LC Paper No. FCR(2007-08)9) http://www.legco.gov.hk/yr06-07/english/fc/fc/papers/f07-09e.pdf Minutes of the meeting (LC Paper No. FC117/06-07) (paragraphs 12 to 14) http://www.legco.gov.hk/yr06-07/english/fc/fc/minutes/fc070511.pdf

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