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Airport plan can't take off without a reliable cost-benefit analysis

1. The discussion over the airport expansion is being played out with few facts and much emotive fervour: if we don't expand, Hong Kong will no longer have the great airport we have all become so used to. And that is, of course, a horrible idea, as I don't know any airport that is as efficient.
2. Digging through the avalanche of slick advertising, the appendices of the technical report reveal the assumptions of growth behind the third runway. But where is all this growth going to come from?
3. After all, Hong Kong's population is flatlining and the forecast growth in passengers goes well beyond the wildest arrival forecasts of visitors who intend to stay in Hong Kong for at least one night, or head for one of our gambling cruises.
4. As for cargo, the growth numbers are even more staggering. The anticipated volumes are well beyond what we make or consume in Hong Kong. We have no manufacturing left and both manufacturing and distribution capacity keeps moving further in-land. So where are the flows supposed to come from?

The growth projections require more detail

5. Neither of these questions are answered. Rather than using detailed gravity models, growth in both passengers and cargo is forecast based on simple linear regression models along the lines of "gross domestic product will go up, people and cargo will move". But does that make sense?
6. For a long time, Hong Kong was the only provider of international flights and quality cargo handling in the Greater Pearl River Delta. Today, it handles 80 per cent of all international passengers and 90 per cent of all international air cargo in the delta. To assume it will retain that role is rather arrogant.
7. Proponents of a third runway say Guangzhou's new cargo handling capabilities are not as efficient, and their customs operations are cumbersome. Surely Guangzhou will say they are ironing out the issues.
8. On top of this, the question is whether it is sustainable to run trucks between manufacturers and Hong Kong when they can and should have closer facilities. The additional fuel used and associated emissions, the roads that need to be built, the additional cost of trucks and drivers, all appear a bad business proposition and a burden on our environment.
9. Proponents quickly chime in to explain that it is not just cargo to and from the mainland; we can be the air cargo hub for the region. That business model involves flying cargo to Hong Kong only to repack it and send it out to other destinations on old, noisy and polluting planes. Travel trade representatives have tried scare tactics: if we don't expand the airport, residents will no longer be able to enjoy direct flights to their destination, since competition for limited landing slots will result in the consolidation of routes.

10. In the same breath, they explained how everyone else in Asia should fly indirectly via Hong Kong - an expectation beyond belief.

External costs need to be monetized, and the winners must pay

11. The proponents of the third runway are asking the Hong Kong taxpayers to fund a HK\$100 billion shortfall. What the papers don't show are the external costs we will have to bear: more emissions from aircraft and associated road traffic; more noise pollution; the additional road and rail capacity to be built; the large pieces of land to be reclaimed for the airport and (yet undisclosed) logistics centres.

12. It is unclear who, exactly, benefits from this investment. Yes, a huge "return" is identified but it simply says "more passengers and goods equal more money". That's an interesting circle, as the increase in passengers and goods was based on the simple "more money, more people and goods" model in the first place. There is no breakdown of origin and destination of the passengers or the cargo.

13. Hub traffic, whether goods or people, brings few benefits to Hong Kong. Sure a small sector of airlines and cargo handlers will privately make some money out of these transactions, but that's after the public paid for the investment with their money, their land and their health.

Sustainable planning: Think regionally

14. The public of Hong Kong is better off promoting the development of high The Hong Kong public would be better off with the development of high-quality airports with excellent air cargo terminals close to the destinations throughout the region. This would minimise energy consumption, pollution and traffic.

15. It would also take the pressure off Hong Kong's airport. We can continue to invest in making our existing runways and airspace more efficient by fixing our air traffic control systems and procedures so we can handle our home-grown traffic well into the future.

16. If the proponents really want a third runway, let them pay for it themselves with landing charges - and, if so, please make sure that old, polluting planes pay more.

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