



19 July 2011

**Submission to Legislative Council Panel on Economic Development
Agenda Item III - Hong Kong International Airport Master Plan 2030**

An airport presents the image of a city, or more accurately its society. Hong Kong International Airport presents the rightful images of Hong Kong and its people in being modern, efficient, of quality and with cultural diversity. Hong Kong Airline Services Provider Association (HASPA, see attachment) and our members take pride in being an integral part of the success of Hong Kong International Airport, its past its present and its future.

The Proposals:

Hong Kong International Airport, its success, awards and accolades did not come easy and these have to continue necessitating further investments in infrastructure and associated services, in prudence and with quality leadership. Hong Kong International Airport Master Plan 2030 presents two options, one of which, Option 1, is at best a make-do and we shall become constrained again in the next 10 years, and a better one Option 2 which is to build a third runway will see Hong Kong through next 20 years.

Simply considers the planning horizon, the service and economic benefits as presented by the Airport Authority Hong Kong, Option 2 the third runway option is the only practical option able to satisfy the industry and society demands. HASPA and our members fully support Option 2, the third runway option.

The Realities:

Typical planning cycle for major infrastructure expansion should start no later at 70% throughput to capacity ratio and with construction work commences at 75% mark. Once goes above the 85% regime it will mean we are either turning business away, and Hong Kong International Airport is at the brim of this, or the

demand management measures thus necessary will compromise the service qualities which we are renowned for. This explains the current level of constrained and congested airport services in nearly all aspects, apologies to say you honourable ladies and gentlemen would not normally experience through the Government VIP channels, but an every day experience of the some 50 million passengers through Hong Kong International Airport.

This explains also why Option 1 would not be a viable option for by 2016 when the infrastructure then becomes available, the passenger throughput to capacity ratio will again be over 80% needing to initiate yet another planning cycle, and Legislative Council approval..

Everyday airport capacity issues include - flight delays due to airport congestion from departure kerbside to check-in through security and Immigration control to gates, excessive passenger wait at arrival Immigration to baggage wait to transportation to city, flight delays due to weather and infamous air traffic control on neighbouring air space resulting in insufficient aircraft parking bays, bay changes, aircraft waiting on taxiways, passenger aircraft parks on cargo apron, cargo freighter parks on passenger apron, passenger confusion frequent with gate changes resulting in further flight delays, excessive vehicle journeys on aircraft apron for lack of staging area snowballing wastage and environmental impact, to name a few. These require the united effort of Airport Authority Hong Kong, all the airlines and airport companies and the 65,000 employees to overcome, making a name for Hong Kong International Airport.

The Watch List:

It will only be appropriate, whilst staging our industry support to Option 2, nominate also the key considerations from an industry perspective toward making such major capital investment effective:

1. The change from managing an operating airport to a construction airport will require commensurating professional expertise from Airport Authority Hong Kong and all Government quarters in particular infrastructure expansion under live operating conditions will be extremely difficult as one would logically expect.
2. The need to design and build airport facilities would require proper consultation with all industry stakeholders including and not limited to airlines and airport companies, best in earnest or otherwise will result in infrastructure being built not suiting actual passenger flow dynamics, for example the North Satellite Concourse and the Terminal 2, latter of which will be overhauled in the upcoming Master Plan 2030.
3. The airport capacity constraints from present to a future point in time when the additional infrastructure is commissioned will require a comprehensive de-stressing plan otherwise Hong Kong International Airport will not be able to sustain its reputation as the premier aviation hub in the region.
4. Airport Authority Hong Kong and all its business stakeholders have on continuous basis invested considerable resources toward bettering the environmental performance including and not limited to use of alternative energy, use of equipment of latest environment standards, and more efficient modus operandi. There is an acute lack of support from Government in terms of financial subsidy for the industry to further these rightful environmental initiatives or for that matter allow more efficient means of refueling which are common practices amongst the many best airports around the world. This needs to change and the Government has to hear our industry voices.
5. The financing of the Master Plan 2030. This could be controversial as the economic benefits are all surrounding Hong Kong society as the primary beneficiary and it should rightfully be funded by the Government or its

appointee the Airport Authority Hong Kong, free from dividends to the Government or not. Passenger Services Charge, on top of the already many charges the unfortunately air passengers have to unwillingly sustain, could be. Aircraft landing and parking charges where Hong Kong International Airport definitely can pride itself as one of the most prominent leader in the airport charging league, could be. Licensees and franchisees, where the many airport companies have been sustaining the high level of fees for the past period and unable to derive reasonable level of financial returns, could also be. We as an industry would provoke the simple view that the economic beneficiary should fund the Master Plan 2030, the Government of Hong Kong that is.

6. The many aspects of civil services should respect the fact that Master Plan 2030 is not only an infrastructure programme needing corresponding commitments from the Government in a multi-discipline fashion. From progressive liberalization of flying rights which otherwise airlines will not be able to capitalize on the growth potential and the infrastructure investment will not yield the desired economic benefits, to Immigration services where foreign travelers will be better facilitated, from land transportation where the combined of public mass transit and other public transport modes have to be able to continuously modernize suiting the travelling public, to labour policy where working strengths at Hong Kong International Airport currently running at severe shortages letting alone the future need to fulfill the increase in airport staff from current 65,000 to 141,000 under Option 2.

Conclusion:

In conclusion Ladies and Gentlemen, Hong Kong Airline Service Providers Association (HASPA) and our member companies representing some 25,000 employees support Option 2 of the Hong Kong International Airport Master Plan 2030, the third runway option in it being to fulfill the industry growth and with corresponding economic benefits to Hong Kong as a whole.

Hong Kong Airline Service Providers Association (HASPA)

Membership:

1. AFSC Refuelling Limited
2. Asia Airfreight Terminal Co Limited
3. China Aircraft Services Limited
4. Cathay Pacific Catering Services
5. DCH - Dragonair Airport GSE Services Limited
6. Gate Gourmet Hong Kong Limited
7. Ground Support Engineering Limited
8. Hong Kong Air Cargo Terminals Limited
9. Hong Kong Aircraft Engineering Limited
10. Hong Kong Airport Services Limited
11. Hong Kong Business Aviation Centre
12. Hong Kong Oxygen and Acetylene Co Limited
13. Jardine Air Terminal Services Limited
14. Jardine Airport Services Limited
15. LSG Lufthansa Service Sky Chefs
16. SATS Hong Kong Limited
17. Pan Asia Pacific Services Limited
18. Regal Airport Hotel
19. Worldwide Flight Services Fuelling (HONG KONG) Limited
20. Worldwide Flight Services Inc

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