

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2513/11-12  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/EDEV/1

**Panel on Economic Development**

**Minutes of meeting**  
**held on Monday, 26 March 2012, at 10:00 am**  
**in Conference Room 3 of the Legislative Council Complex**

- Members present** :
- Hon Jeffrey LAM Kin-fung, GBS, JP (Chairman)
  - Hon Paul TSE Wai-chun, JP (Deputy Chairman)
  - Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
  - Dr Hon David LI Kwok-po, GBM, GBS, JP
  - Hon Fred LI Wah-ming, SBS, JP
  - Hon CHAN Kam-lam, SBS, JP
  - Dr Hon Philip WONG Yu-hong, GBS
  - Hon Miriam LAU Kin-ye, GBS, JP
  - Hon Emily LAU Wai-hing, JP
  - Hon Andrew CHENG Kar-foo
  - Hon Vincent FANG Kang, SBS, JP
  - Hon Andrew LEUNG Kwan-yuen, GBS, JP
  - Hon WONG Ting-kwong, BBS, JP
  - Hon CHIM Pui-chung
  - Hon Starry LEE Wai-king, JP
  - Hon Paul CHAN Mo-po, MH, JP
  - Hon IP Wai-ming, MH
  - Hon Mrs Regina IP LAU Suk-ye, GBS, JP
  - Dr Hon Samson TAM Wai-ho, JP
  - Hon Tanya CHAN
  - Hon Albert CHAN Wai-yip
- Members absent** :
- Hon Ronny TONG Ka-wah, SC
  - Dr Hon LEUNG Ka-lau

**Public officers  
attending**

**: Agenda Item IV**

Mr Andrew WONG, JP  
Permanent Secretary for Commerce and Economic  
Development (Commerce, Industry and Tourism)

Mr Philip YUNG, JP  
Commissioner for Tourism

Miss Rosanna LAW, JP  
Deputy Commissioner for Tourism

Mr Vincent FUNG  
Assistant Commissioner for Tourism 2

**Agenda Item V**

Mrs Sharon YIP  
Deputy Secretary for Transport & Housing  
(Transport)

Ms Jenny CHAN  
Principal Assistant Secretary for Transport &  
Housing (Transport)

Mr Richard WU  
Chief Electronics Engineer (Technical Support)

Mrs Lisa CHOI LO Yau-chun  
Chief Superintendent, Planning & Development  
Branch (Acting)

Ms Queenie WONG Siu-hing  
Deputy District Commander  
Airport District

Mr Hermes TANG Yi-hoi  
Senior Staff Officer (Project Planning and  
Development)

Dr Kenneth CHAN Shut-wah  
Senior Port Health Officer

Mr CHUI Tak-shing  
Senior Principal Immigration Officer (Airport)

Agenda Item VI

Ms Eva CHENG  
Secretary for Transport & Housing

Mr Francis HO  
Permanent Secretary for Transport & Housing  
(Transport)

Mrs Sharon YIP  
Deputy Secretary for Transport & Housing  
(Transport)

Mr Norman LO  
Director-General of Civil Aviation

**Attendance by invitation** : Agenda item VI  
Airport Authority Hong Kong

Mr Stanley HUI  
Chief Executive Officer

Mr Wilson FUNG  
Executive Director, Corporate Development

Mr C K NG  
Executive Director, Airport Operations

Mr Kevin POOLE  
Deputy Director, Projects

**Clerk in attendance :** Mr Derek LO  
Chief Council Secretary (1)6

**Staff in attendance :** Ms Sarah YUEN  
Senior Council Secretary (1)6

Ms Michelle NIEN  
Legislative Assistant (1)6

Action

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**I Confirmation of minutes of meeting**

(LC Paper No. CB(1)1344/11-12 —Minutes of meeting held on 13 December 2011)

The minutes of the meeting held on 13 December 2011 were confirmed.

**II Information papers issued since last meeting**

(LC Paper No. CB(1)1215/11-12(01) —Administration's paper on tables and graphs showing the import and retail prices of major oil products from February 2010 to January 2012

LC Paper No. CB(1)1376/11-12(01) —Administration's paper on pilot scheme on cross-boundary sailing for pleasure vessels)

2. Members noted the above papers issued since the last regular meeting.

3. Miss Tanya CHAN referred to the Administration's paper on the pilot scheme on cross-boundary sailing for pleasure vessels (LC Paper No. CB(1)1376/11-12(01)) and stressed the need to solicit public views on the pilot scheme earlier to avoid the controversies surrounding the ad hoc quota trial scheme for cross-boundary private cars. Ms Emily LAU added that the Administration should consult Legislative Council (LegCo) Members and secure their approval before implementing the pilot scheme.

4. The Secretary for Transport and Housing (STH) responded that at present, discussions about the pilot scheme between the relevant departments of the Mainland and Hong Kong were at preliminary stage and were limited to the working level of both sides on technical issues. The Administration would keep members posted of the progress of the scheme, and listen to the views of the public and the Panel before its implementation. As Mr CHAN Kam-lam proposed, members agreed to revisit the scheme upon receiving further details from the Administration. Ms Emily LAU proposed that the item be added to the Panel's list of outstanding items for discussion.

**III Items for discussion at the next meeting**

(LC Paper No. CB(1)1343/11-12(01) —List of outstanding items for discussion

LC Paper No. CB(1)1343/11-12(02) —List of follow-up actions)

5. Members agreed to discuss "Report on the progress of development of the new cruise terminal project at Kai Tak" at the Panel's April regular meeting.

*(Post-meeting note: The item on "Follow-up to the Ngong Ping 360 ropeway incidents and update on its resumption of service" was subsequently added to the agenda of the April regular meeting.)*

6. Members also noted Mr Fred LI's letter tabled at the meeting requesting the Panel to discuss the likely change in the shareholding of Castle Peak Power Company Limited (CAPCO). Mr LI said that the above change might have far-reaching impact, in particular on the relevant Scheme of Control Agreement (SCA) to which CAPCO and its shareholders were parties.

7. Mr CHAN Kam-lam opined that changes in shareholding were normal commercial decisions which neither LegCo nor the Government should intervene unless there were anomalies in the process which could affect public interest. He further pointed out that under normal conditions, CAPCO's SCA would not be affected by shareholding changes. Mr Andrew LEUNG echoed Mr CHAN's views. Mr LEUNG pointed out that discussion on the above change was only underway and it might suffice just to request the Administration to advise if change(s) in shareholding of power companies would have any impact on their SCAs with the Government.

8. Mr Fred LI opined that the power companies were not purely private companies the operation of which the Government should not intervene. He stressed the need for the Government to follow up developments in the above likely change in the shareholding of CAPCO, and to advise whether the Government had any role to play in this regard. Members agreed to the Chairman's proposal to request for the Administration's response on the impact, if any, which change in shareholding of power companies would have on their SCAs with the Government and electricity tariffs, and on whether the Administration was monitoring the above change.

*(Post-meeting note: The requested information was issued vide LC Paper No. CB(1)1627/11-12 on 18 April 2012.)*

#### **IV Mega Events Fund**

(LC Paper No. CB(1)1343/11-12(03) —Administration's paper on the Mega Events Fund

LC Paper No. CB(1)1343/11-12(04) —Paper on the Mega Events Fund prepared by the Legislative Council Secretariat

(Background brief))

9. The Chairman declared that he was the Chairman of the Assessment Committee of the Mega Events Fund (MEF AC). To avoid any possible conflict of interest, he invited the Deputy Chairman to chair the discussion on this item. The Deputy Chairman took over the chair for the ensuing discussion.

10. Mr CHAN Kam-lam declared that he was involved in both the 2011 "Record Breaking Dragon and Lion Dance Extravaganza" and the 2012 "Dragon and Lion Dance Extravaganza", which had been funded by the Mega Events Fund (MEF).

Two-tier system under the modified MEF scheme

11. The Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PSCIT) briefed members on the Administration's paper (LC Paper No. CB(1)1343/11-12(03)), which updated members on the position of the MEF upon expiry of its current term by the end of March 2012, and sought members' support for the Administration's proposal to allocate \$150 million to extend the operation of the MEF for about five years up to March 2017. Members noted that in the light of the review on the way forward for the MEF conducted in late 2011 and the experience accumulated in the past three years, the Administration had proposed to modify the current MEF scheme into a two-tier system to enhance flexibility and facilitate its effective operation. Under this modified MEF scheme, Tier 1 would be a new mechanism to provide financial incentive to attract to Hong Kong new or established high profile mega events owned and/or operated by private event management companies or professional organizations established outside Hong Kong, whilst Tier 2 would essentially be an enhanced version of the current scheme.

12. Mr Albert CHAN declared that he had helped an organization to stage an MEF-supported event many years before, and stated support for the proposed modification of the current MEF scheme into a two-tier system. He made the following comments for the Administration's consideration –

- (a) Notable overseas mega events took more than a hundred years to develop. Consideration should therefore be given to providing promising local events sufficient scope, time and assistance for development into mega events. They should be allowed the flexibility to continue every two to four years or at even longer intervals instead of every year. The Tourism Commission should also help co-ordinate the timing of home-grown mega events to maximize their effect in promoting tourism;
- (b) The criteria for vetting MEF applications should not be applied too rigidly so that local events would have the opportunity to develop

into mega events;

- (c) The Government should take the initiative to identify local events for development into mega events with due regard to Hong Kong's unique characteristics and circumstances; and
- (d) Some event organizers might face enormous financial pressure if the MEF only provided sponsorship for event publicity but no funding for covering the administrative fees and cost of activities. Consideration should be given to allotting 5% to 10% of the MEF funding for administrative purposes.

13. Mr CHAN Kam-lam shared Mr Albert CHAN's views above but highlighted the difficulties in identifying local events with the potential for developing into mega events, securing wide community support for such initiatives, and sustaining efforts to stage the identified events year after year. It was a brand-building process which took a long time and a huge amount of resources, and involved competition with other events.

14. PSCIT responded that the proposal to allow event organizers to retain operating surplus generated from events supported under Tier 2 for the sole purpose of organizing the same event in the following year(s) could help enable events to be organized on a recurrent basis. The Administration had also been making efforts in identifying local events organized by non-profit making bodies and not Government departments for development into mega events.

15. Mr CHAN Kam-lam stressed the need to strike a balance between Tier 1 and Tier 2 events, and to ensure that the mega events funded under Tier 1 would be truly mega events that could attract visitors to Hong Kong, so as to obviate the criticism that public money was used to help private event organizers make money at the expense of local non-profit making bodies. He highlighted the difficulties faced by local bodies in organizing mega events, and urged relevant Government departments to not only provide assistance to them but also exercise flexibility in applying relevant laws and statutory requirements to the events they were organizing. PSCIT responded that there was not a fixed ratio of the MEF funding between Tier 1 and Tier 2 events. Funding approval would be granted on the merits of individual applications.

#### Developing mega events to attract tourists

16. Ms Miriam LAU quoted examples to explain that international mega events should be events which could effectively attract visitors to come specifically for the events. She pointed out that few mega events organized under the MEF scheme in the past could attract visitors and, even for the more successful "Hong Kong Dragonboat Carnival", the number of tourists attracted was small. She therefore considered the performance of the MEF scheme

unsatisfactory, and said that to develop a truly mega event for Hong Kong, there was a need for greater efforts in terms of identifying potential mega events, packaging, publicity, and ensuring sufficient support services and facilities such as accommodation.

17. PSCIT responded that it took time to develop local cultural events into mega events, and the "Hong Kong Dragonboat Carnival" had in fact been gradually building up its scale and reputation as a focal point in Hong Kong's events calendars. He further explained that instead of just waiting for MEF applications, the Administration had in fact also taken the initiative to actively help develop local events into mega events in cooperation with the Hong Kong Tourism Board (HKTB). The Administration also, through the Travel Industry Council of Hong Kong, engaged members of the travel trade to organize special tour groups to tie in with the events.

18. Ms Miriam LAU proposed that the MEF AC should also, through HKTB's worldwide offices and overseas counterparts, identify potential local events for development into mega events with greater promotional efforts. PSCIT responded that such efforts had already been made. However, in identifying events for development, regard had to be given to the tourist groups that might be interested in the events.

19. The Deputy Chairman shared the views expressed by members above and supplemented the following points –

- (a) Most cities featured only one truly mega event, and Hong Kong indeed already had its own truly mega events though they were not funded by MEF, for example, the Hong Kong Sevens;
- (b) The "Hong Kong Dragonboat Carnival" had the potential for development into a truly mega event because it had local cultural characteristics, competitive elements, and the potential to be held in Hong Kong year after year, and it could make good use of the scenic Victoria Harbour. The MEF AC should consider whether greater efforts should be dedicated to promoting a few such promising events, or that it should continue to identify more new events for development;
- (c) The suggestions made in the progress report of the MEF, for example, to support events that could attract coverage by international media, and to strengthen co-operation with the travel trade, were agreeable. The MEF AC should make better efforts to take them forward; and
- (d) To make the best use of available resources, certain mega events might be held every few years rather than annually.

20. Mrs Regina IP shared the views expressed by members on the need to ensure that the mega events in Hong Kong would have a strong international appeal, and pointed out that only the Hong Kong Sevens could meet this criterion to put Hong Kong on the map. She considered it more worthwhile to focus resources on developing only a few events that could create a positive branding impact for Hong Kong.

21. PSCIT noted the above views from members for consideration, and indicated hope for the new Tier 1 of the MEF scheme to attract to Hong Kong internationally-acclaimed mega events.

### Tier 1 mechanism

#### *Monitoring and control*

22. Mr Fred LI observed that the participants in mega events in the past were mostly Hong Kong residents rather than tourists. He highlighted the need to set performance targets such as the number of tourists attracted to the event for the private companies funded under Tier 1.

23. PSCIT responded that at present the general rule was that the total number of participants, spectators and reporters involved in a mega event should be 10 000 or more. Although the number of tourists involved had not been specified, mega events that had a long history could attract tourists as shown in Annex D to LC Paper No. CB(1)1343/11-12(03). The Administration would urge the MEF AC to consider imposing "the number of visitors attracted to Hong Kong" as one of the criteria for approving funding under Tier 1, so as to ensure the MEF could really reinforce Hong Kong's image as the Events Capital of Asia.

24. Ms Emily LAU considered the composition, transparency and accountability of the MEF AC important to ensuring impartiality in selecting host organizations without any regard to their political affiliation. PSCIT responded that the MEF had operated for three years without arousing any concern in this regard. Moreover, while the MEF AC would be responsible for considering the applications, the Controlling Officer of MEF, i.e. the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism), would be the authority to grant approval.

25. Mr Fred LI enquired about the manpower resources, in particular the relevant expertise, available to monitor the expenditures of mega events funded by MEF, in particular those organized by private event management companies under Tier 1. In his view, proper use of the substantial public money involved in MEF funding should be ensured. Ms Emily LAU highlighted the Hong Kong Harbour Fest, which was the subject of a host of negative media reports raising public concern over the organization, cost-effectiveness and financing arrangements of the event. She urged the Administration to draw lessons from

the mistakes of the above event to ensure that, while attempting to put to good use commercial operators' expertise in organizing mega events, efforts should also be made to address concerns about waste of public money and possible "collusion between business and the Government".

26. PSCIT responded that when vetting MEF applications in general, regard would be given to the amount of money to be spent on administration, publicity and others. The Administration had already examined past experience before proposing to introduce Tier 1. In considering an application under Tier 1, the MEF AC would strictly observe the general rule that Government's total financial contribution (including the MEF funding) to an event would be capped at 50% of the event's total event cost. Even though the MEF scheme would be expanded to cover profit-making organizations, the stringent control and monitoring mechanism under the scheme would ensure the proper use of public money. For example, attendance and publicity targets would be set for assessing and considering applications. As a financial control measure, funds would be disbursed in phases. Once funding approval was given to an event, the MEF AC Secretariat would maintain close contact with the event organizer throughout the planning and implementation of the whole event. The MEF AC members and Secretariat staff would also pay site-visits and participate in working meetings of the event, observe the attendance and collect feedback from event participants, and record such observations properly. After completion of the event, the organizer would have to submit post-event evaluation report, publicity report, survey report and audited accounts in a timely manner. Outstanding MEF funding would not be released until the organizer had satisfactorily completed the event and submitted all the above reports and accounts to the satisfaction of the MEF AC and the Controlling Officer of the MEF. Should there be any discrepancies from the expenditure items set out in the applications or any failure in achieving the pledged targets and deliverables of the supported event, the MEF AC could decide not to disburse the outstanding fund.

27. Ms Emily LAU stressed the importance of striking a balance between ensuring proper use of public money and avoiding imposition of too many restrictions, lest private event management companies which could help attract internationally-acclaimed mega events to Hong Kong would be discouraged from applying for funding under Tier 1. PSCIT responded that prior to the holding of the events, the Administration would sign an agreement with private event management companies prescribing in detail the rights and obligations of the organizer(s) and other financiers, and each party's involvement in the events. The Administration had not experienced any significant problem in monitoring and co-operating with successful MEF applicants during the past three years.

#### *Ability to attract mega events*

28. Pointing out that local non-profit making bodies might lack the experience and ability to host very large scale events such as Jazz Festival, Miss

Tanya CHAN opined that the introduction of Tier 1 under the MEF scheme might be necessary to attract to Hong Kong events which contained an international element and included participants from overseas, be able to attract visitors to come to Hong Kong specifically for the events, and would involve 10 000 or more people (including participants, spectators and reporters). She however pointed out that faced with competition from other major cities, there might be great difficulty in attracting high-profile mega events to Hong Kong by merely providing funding for them under Tier 1, and enquired whether relevant expertise was available to help attract mega events to Hong Kong.

29. PSCIT responded that the Administration recognized the difficulty in implementing Tier 1 but considered this new initiative worth trying considering that the aim of the MEF scheme was to organize truly mega events that could attract visitors to come to Hong Kong.

### Tier 2 mechanism

#### *Funding of specific events*

30. Mr Fred LI asked why, when the "Dragon and Lion Dance Extravaganza" sought support from the MEF again in 2012, its funding had not been reduced in accordance with the old practice, not to mention that the number of participants in the event in 2012 was smaller than that in 2011.

31. The Commissioner for Tourism responded that all applications for funding under the MEF scheme would be vetted carefully and fairly. As could be seen from Annex D to LC Paper No. CB(1)1343/11-12(03), the reduced amount practice had been consistently applied to other renewed applications through reducing their funding by some 20%. The funding to the "Dragon and Lion Dance Extravaganza" in 2012 was higher than in 2011 because in comparison with the event held in 2011, the format and venue of the 2012 event were different and the budget was much larger. Although the MEF AC had approved \$1.4 million funding for the event in 2012, the ultimate funding amount would only be finalized after the MEF AC had examined its audited accounts.

#### *Types of events worthy of support*

32. Noting the proposal to improve the current MEF scheme by allowing retention of operating surplus under Tier 2, Miss Tanya CHAN enquired how the relevant accounts would be monitored, and whether the surplus could be used to make preparations incurring costs for organizing the same event in the following year(s) before renewing applications. PSCIT responded that subject to the MEF AC's agreement for retaining the surplus for the sole purpose of organizing the same event in the following year, the event organizers would not have to return the surplus in question unless they decided not to continue the events.

33. Miss Tanya CHAN noted that Tier 2 aimed to provide funding support to local non-profit-making bodies to host, inter alia, activities which could showcase traditional Chinese culture and local heritage. In this regard, she pointed out that activities such as the Hong Kong Well-wishing Festival in Lam Tsuen might not qualify as mega events because they might not be able to attract Mainland visitors to come to Hong Kong specifically for them, and questioned whether these activities should be funded by other funds managed by the Home Affairs Bureau instead of MEF.

34. PSCIT responded that it was considered necessary that the MEF scheme should provide funding support to help sustain local non-profit-making bodies' efforts in hosting events which had potential to become mega events in Hong Kong one day, especially those activities which could showcase traditional Chinese culture and local heritage, so that the events could, over time, attract visitors to come to Hong Kong specifically for them. The MEF AC would give due regard to such potential when deciding whether to support an event. Events which did not qualify for MEF support could seek funding available under other bureaux/departments (B/Ds).

35. Ms Emily LAU indicated support for enhancing the current MEF scheme under Tier 2 to provide better support for local events to develop into mega events. However, in recognition of the substantial resources required for developing local events into mega events, she proposed that resources should be focused on promoting local festive events which overseas visitors had some basic understanding, such as the "Hong Kong Dragonboat Carnival". She also saw the potential in developing under Tier 2 the Standard Chartered Hong Kong Marathon into a mega event that featured a variety of activities involving the whole city. PSCIT noted her views for consideration.

### Conclusion

36. Summing up, the Deputy Chairman concluded that the Panel supported the funding proposal to extend the operation of the MEF under a modified scheme for about five years up to March 2017, and submission of it to the Finance Committee (FC) for consideration. The Panel, however, also saw a need for the MEF AC to –

- (a) Focus resources on supporting events which were truly mega;
- (b) Attract more overseas visitors to come to Hong Kong specifically for the events; and
- (c) Strike a balance to ensure public money would be used in a prudent manner despite the proposal to introduce Tier 1 of the MEF scheme to attract to Hong Kong internationally-acclaimed mega events which might be owned and/or operated by private event management

companies.

- Admin. 37. Ms Emily LAU added that the Administration should list out all major views and proposals made by members at this meeting as well as its responses thereto in the relevant funding proposal to be submitted to FC.

**V Fitting-out works for Government facilities associated with Midfield Expansion Project at Hong Kong International Airport**

(LC Paper No. CB(1)1343/11-12(05) —Administration's paper on fitting-out works for Government facilities associated with Midfield Expansion Project at Hong Kong International Airport)

38. The Chairman resumed the chair, and declared that he was a member of the Board of Airport Authority Hong Kong (AAHK) and the director of a construction company which might take part in the relevant works.

39. Mr CHAN Kam-lam declared that he was a member of the Board of AAHK.

40. The Deputy Secretary for Transport and Housing (Transport) (DS(T)) briefed members on the Government's proposal to upgrade 401IO "Fitting-out works for Government facilities associated with Midfield Expansion Project at Hong Kong International Airport" to Category A. The midfield expansion project was being pursued by AAHK at the Hong Kong International Airport (HKIA) to provide additional handling capacity to cater for the forecast growth in air traffic demand.

Funding matters

41. Noting from DS(T)'s briefing above that the midfield expansion project had already commenced in the fourth quarter of 2011, Ms Emily LAU enquired when the relevant funding approval was secured. DS(T) responded that the midfield was the area between the two existing runways of HKIA and the expansion works to provide the Midfield Concourse with 20 aircraft parking stands would be pursued by AAHK with its own resources. As such, the expansion works had already commenced without seeking Government funding. However, to cater for the increase in the handling capacity of HKIA so arising, relevant Government departments, such as the Customs and Excise Department (C&ED), the Immigration Department (ImmD), the Department of Health (D of Health), the Civil Aviation Department (CAD) and the Hong Kong Police Force (HKPF), had to provide additional facilities and services at the new Midfield Concourse and at the existing Terminal 1. Funding was therefore being sought

under this paper for the design and fitting-out works for additional Government facilities such as a separate Baggage Examination Room for C&ED, an Interview/Operation Room for HKPF, a Health Post for D of Health, etc.

42. Mr Fred LI enquired how AAHK and the Government decided what projects involving HKIA should be funded by the Government and which by HKIA. DS(T) responded that since AAHK was mandated under the Airport Authority Ordinance (Chapter 483) to operate, develop and maintain HKIA, the Midfield Concourse, and the Automated People Mover (APM) and the additional crossfield taxiway that would serve it would all be provided by AAHK. The current funding proposal only covered Government facilities associated with the midfield project, such as baggage examination rooms and personal search rooms for C&ED, waiting room and equipment room for ImmD, etc.

43. In reply to Mr Fred LI on whether the above described funding principle would also apply to the construction of the third runway, DS(T) explained that this principle would apply to all similar public works. However, the financing arrangements for the third runway were yet to be finalized pending availability of its project estimates, which would hinge on how relevant concerns, in particular environmental concerns, would be resolved, and on the final runway design.

#### Additional manpower for manning facilities

44. Mrs Regina IP sought details on the recurrent expenditure of the Government facilities associated with the midfield expansion project, in particular the additional costs to ensure that the facilities would be sufficiently manned. DS(T) responded that the current funding proposal only covered the non-recurrent cost arising from the design and fitting-out works for the Government facilities located inside the Midfield Concourse and Terminal 1. However, in preparation for the completion of the midfield expansion project in end 2015, the departments concerned had already been actively reviewing the need for additional manpower, and would submit bids for the funding required through the Resource Allocation Exercise. At present, it was estimated that while the project would mainly necessitate increase in equipment for D of Health, CAD and HKPF, a comparatively greater staffing increase for ImmD and C&ED would be required to cope with the increase in passengers brought about by the project. In particular, ImmD might see an increase of some 100 staff members. The staff cost increase associated with the project, however, would be less than \$100 million. At members' request, DS(T) agreed to provide in the relevant funding proposal to be submitted to the Public Works Subcommittee (PWSC) information on the annual recurrent expenditure, which covered the additional staff cost required.

#### Justifications for the midfield expansion project

45. Ms Emily LAU enquired about the relationship between the works under this funding proposal and the proposed third runway, and on whether the need for the former would be obviated if the latter would not proceed. DS(T) responded that even if the third runway would not be constructed, the facilities to be provided under this funding proposal would still be necessary because they were associated with the midfield expansion project implemented to increase the handling capacity of HKIA to cope with the air traffic demand up to 2020.

46. Ms Emily LAU questioned if the above increase in HKIA's handling capacity would sufficiently justify the provision of the facilities under this proposal if the third runway would not be constructed. DS(T) explained that the volumes of passengers and cargo which HKIA handled in 2011 had already reached the levels forecast for 2013. The growth in air traffic demand was so fast that there would not be any waste of the facilities.

#### *Utilization of other facilities in the HKIA*

47. The Deputy Chairman highlighted the low utilization rate of HKIA's existing Terminal 2, and expressed concern that the planned use of the Midfield Concourse might affect Terminal 2. DS(T) responded that the two terminals served different purposes. While the Midfield Concourse would be provided with 20 aircraft parking stands to facilitate boarding of passengers, Terminal 2 had no aircraft parking stands because it was primarily used as a check-in and processing facility for departing passengers with no gates or arrival facilities. Construction of the Midfield Concourse therefore had little impact on the utilization rate of Terminal 2.

48. The Deputy Chairman opined that since both Terminal 1 and Terminal 2 had customs and immigration clearance facilities and Terminal 2 was under-utilized, instead of connecting the Midfield Concourse to the Terminal 1 West Hall as presently proposed, the APM should connect it to Terminal 2 to enable passengers to use the facilities there, thereby minimizing the need to provide facilities in the Midfield Concourse.

49. The Senior Staff Officer (Project Planning and Development) of C&ED (SSO(PPD)) responded that C&ED's work in Terminal 2 was comparatively simpler because Terminal 2 only served outbound passengers the baggage security of whom was handled by the Aviation Security Company Limited, and that C&ED only had to conduct random checks on suspicious passengers. Therefore, the number of C&ED staff and equipment deployed to Terminal 2 was small, as different from that required by the Midfield Concourse which would have a separate baggage handling system for handling transfer baggage. Moreover, since the Midfield Concourse would stand on its own two kilometres away from either Terminal 1 or Terminal 2, there was also a need to ensure provision of sufficient equipment in the Midfield Concourse to enable C&ED to conduct observation, examination and search work there as necessary.

50. The Deputy Chairman asked whether the midfield expansion project would obviate the need for Terminal 2 altogether. In response, SSO(PPD) reiterated that Terminal 2 and the Midfield Concourse served different purposes as described above, with the former mainly serving outbound passengers and the latter inbound and transfer passengers.

51. Noting that the Midfield Concourse would be connected to the Terminal 1 West Hall by APM, the Deputy Chairman expressed concern that more passengers would be directed to Terminal 1 to further increase its passenger load, which was already very heavy. He therefore sought details on the above likely impact, and the mitigation measures that would be taken to enable Terminal 1 to continue to operate smoothly. DS(T) confirmed his observation, and said that since there would not be any check-in and immigration facilities in the Midfield Concourse, passengers using it would inevitably have to use such facilities in Terminal 1 or Terminal 2. The current funding proposal had already taken into account the additional facilities required to prepare for the increase in passengers arising from the commissioning of the Midfield Concourse.

#### Environmental concerns

52. Noting that the public consultation exercise on the midfield expansion project had been conducted by AAHK, Ms Emily LAU was keen to ensure that public consultation was thorough, and that all stakeholders had been consulted, so that all aspects including the likely environmental impact had been examined. DS(T) responded that since the project area was small and did not require reclamation, there might not be much need to conduct large-scale public consultation. Notwithstanding, the project would comply with the relevant statutory environmental requirements. Noting the response, Ms LAU urged the Administration to really observe the requirements, and to provide opportunities for the public to express views on the project as necessary.

#### Waiting time at immigration counters

53. Ms Emily LAU noted that the manpower of ImmD would be increased by some 100 staff members as a result of the midfield expansion project, and asked whether the staffing increase would help address complaints about the long waiting time of visitors at immigration counters at border control points. The Chairman added that there were many complaints about the immigration clearance time.

54. DS(T) responded that it was hoped that the above staff increase could facilitate immigration clearance. Coupled with the increase in aircraft parking stands to facilitate boarding and disembarking of passengers, the overall waiting time of passengers at HKIA should also be shortened in future. At the Chairman's request, she agreed to convey the above complaints to the relevant departments for follow-up, and report back on the progress in due course. The

Senior Principal Immigration Officer (Airport) added that only equipment for random check of passengers but not immigration counters would be provided in the Midfield Concourse because there were already sufficient counters in Terminal 1 to meet demand up to 2020 as estimated by AAHK, although not all of these counters would be manned at all times. As planned, 57 of the 119 staff members of ImmD to be added would be deployed to man immigration counters in Terminal 1 in anticipation of the increase in passengers arising from the midfield expansion project. The others would be deployed to serve ImmD's special duties teams at HKIA.

Conclusion

55. The Chairman expressed support for the midfield expansion project to provide additional aircraft parking stands to cater for the increase in the number of aircraft movements to maintain HKIA's competitiveness as an international aviation centre. He opined that manpower resources should also be increased to tie in with the above development, and concluded that the Panel supported the current funding proposal and submission of it to PWSC for consideration.

**VI Hong Kong International Airport Master Plan 2030**

- (File ref: THB(T)CR 3/930/08 —Legislative Council Brief on Hong Kong International Airport Master Plan 2030 provided by Transport and Housing Bureau
- LC Paper No. CB(1)1368/11-12(01) —Administration's paper on staffing proposal relating to the establishment of the Airport Expansion Project Coordination Office in the Transport and Housing Bureau
- LC Paper No. CB(1)1368/11-12(02) —Paper on the development of a third runway at the Hong Kong International Airport prepared by the Legislative Council Secretariat (Background brief)
- LC Paper No. CB(1)1308/11-12 —Referral from the Subcommittee on Hong Kong Air Navigation (Fees) (Amendment) Regulation 2011 and Civil Aviation (Aircraft Noise) (Certification) (Amendment) Regulation 2011 on mitigating aircraft noise
- LC Paper No. CB(1)1423/11-12(01) —Power-point presentation *(tabled at the meeting and* materials provided by Airport

*subsequently issued on 26 March Authority Hong Kong) 2012)*

56. The Secretary for Transport and Housing (STH) briefed members on the Executive Council's approval for AAHK to adopt the option of expanding into a three-runway system as the future development option for HKIA for planning purpose, and on the Government's proposal (the staffing proposal) to create three supernumerary directorate posts (the three posts) for establishing a dedicated Airport Expansion Project Coordination Office (AEPCO) in the Transport and Housing Bureau (THB) to co-ordinate efforts and steer the work of AAHK to take forward the Hong Kong International Airport Master Plan 2030 (Master Plan 2030) at its initial stage. The Chief Executive Officer of AAHK (CEO/AAHK) and the Deputy Director, Projects of AAHK (DDP/AAHK) then, with the aid of power-point, briefed members on the three-phase process adopted to take forward the three-runway system, the project scope of the third runway, and the process and elements covered of the relevant EIA.

#### Staffing proposal for establishing AEPCO

##### *Types of expertise required*

57. Noting that during the first few years, the planning work related to the three-runway option would mainly include the statutory EIA, Mr Fred LI questioned whether the proposed mix of the three posts, namely, one Principal Government Engineer (PGE) (D3), one Administrative Officer Staff Grade C (AOSGC) (D2)) and one Chief Engineer (CE) (D1), could best ensure the availability of relevant expertise and experience in handling EIA matters. Pointing out that the three posts would most likely be filled by secondment, he queried whether the arrangement was desirable in recognition that there was already manpower shortage in THB.

58. The Permanent Secretary for Transport and Housing (Transport) (PS(T)) responded that engineers, in particular PGE, were experienced in handling EIA studies. Moreover, apart from EIA studies, the three posts would also be responsible for overall supervision and monitoring of the development of the three-runway option. The work of these posts would include, for example, detailed design which required close liaison and co-ordination with relevant parties to avoid imposing negative impact on marine ecology, flight paths and flight movements; establishment of relevant quality assurance systems, including the procurement system, at the early stage of the airport expansion project to ensure that the financial, quality and programme aspects of the project were well-addressed; monitoring of relevant works to ensure that the quality and progress of the works, which incurred billions of public money, would be satisfactory, etc. As such, engineers were most suitable for filling the posts, and they would be seconded from B/Ds other than THB.

59. Ir Dr Raymond HO declared that he was a member of the AAHK Board, and concurred with PS(T) that engineers were best suited to fill the posts because some engineers in fact specialized in EIAs. Mr Andrew LEUNG also indicated support for the staffing proposal.

60. Mr Albert CHAN opined that instead of filling one of the three posts with an AOSGC (D2), all the posts should be filled by professional staff. This was because in taking forward such an important and sensitive project, it was important that rule-abiding professionals would be engaged instead of AOs, who might readily exercise flexibility to serve political purposes. STH responded that apart from the need to ensure compliance with relevant standards and criteria, there was also a need to provide secretarial support to the high-level steering committee to be set up for close monitoring of the project. Hence candidates with different expertise had been proposed to fill the three posts. STH further clarified that the relevant EIA study would not be conducted by AEPCO but AAHK. AEPCO would only be responsible for co-ordinating, providing support as necessary, and monitoring the EIA process.

*Outside experts for handling EIA work*

61. Ms Emily LAU enquired how the Administration could ensure that the engineers to be seconded to fill two of the three posts would possess relevant background and sufficient experience in handling EIA matters. In her view, to instill public confidence in the EIA process, the Administration should provide details on the relevant training and experience of these two engineers, and on the measures taken to ensure that AAHK would engage world-recognized experts to conduct the EIAs. STH responded that AAHK had already undertaken to engage experienced EIA experts to conduct the relevant EIA studies. However, these experts would not directly work in the proposed AEPCO because, similar to the Railway Development Office of the Highways Department, the proposed AEPCO was mainly responsible for coordinating efforts and steering the work of AAHK to take forward the Master Plan 2030.

Public consultation exercise on the Master Plan 2030

*Criticisms on the exercise*

62. Miss Tanya CHAN asked the Administration to respond to complaints from certain green groups that the public consultation exercise on the Master Plan 2030 had not been conducted in an impartial and credible way but many responses to the questionnaires concerned were invited at HKIA.

63. CEO/AAHK responded that AAHK had taken a number of steps to ensure the consultation on the Master Plan 2030 was thorough. Firstly, all relevant details had been made available in the consultation paper on the Master Plan 2030. Secondly, more than 200 briefings had been held during the

consultation period to solicit views from green groups, political parties, district organizations, District Councils, and academics and experts from various fields. Thirdly, to ensure a fair and impartial process in the compilation of public opinions, AAHK had appointed the Social Science Research Centre (SSRC) of the University of Hong Kong (HKU) to independently compile, analyze and report on the views collected. It was on the basis of such objective quantitative analysis of a total of 24 242 questionnaires received that it had been concluded that there was broad consensus on the importance of HKIA, that nearly 80% of the respondents agreed that it was urgent that AAHK should make a decision early on how the airport should be further developed; and that there was a clear preference for the three-runway option.

64. Ms Emily LAU asked whether the Administration was aware of the following criticisms regarding the public consultation exercise on the Master Plan 2030, and stressed the need to address relevant complaints –

- (a) That the design of the questionnaires on the Master Plan 2030 was biased, and had highlighted only the benefits but not the cost and impact incurred;
- (b) That responses to the questionnaires were mostly invited at HKIA;
- (c) That it was undesirable to have AAHK, which had conflict of interest, to conduct the consultation exercise; and
- (d) While the consultation exercise spanned from June to September 2011, details on the respective environmental impact of the two development options presented for selection and the possible mitigation measures, which were essential for proper evaluation of the options, were available only in mid August 2011.

The Deputy Chairman added that Green Sense had also criticized that sufficient information had not been provided in time to facilitate an informed public debate about the development options.

*Measures for ensuring impartiality*

65. STH responded that SSRC of HKU had in fact followed up the entire consultation exercise to ensure its impartiality. She also clarified that in the questionnaire, respondents had been asked to provide views after taking into account the environmental impact. The Executive Director, Corporate Development of AAHK (EDCD/AAHK) assured members that the consultation exercise had been conducted in the most open and impartial manner as evidenced below –

- (a) The questionnaires had been designed by AAHK and SSRC of HKU

together. The two proposed development options were presented in the questionnaires for respondents to indicate their overall preference as well as their preferred option after considering relevant factors. Even after taking into account construction cost and environmental impact respectively in isolation, there was still greater preference for the three-runway option than for the two-runway option;

- (b) The documents provided for the consultation came in four tiers with varying degree of detail, initially with 12-page summary of the Master Plan 2030, the 60-page Master Plan 2030 and a 250-page technical report; and followed by all relevant consultancy reports. They should be sufficient to enable respondents to make an informed response during the public consultation; and
- (c) It was incorrect to claim that most responses to the questionnaires were invited at HKIA. In fact, most questionnaires were returned to SSRC of HKU direct by respondents through various channels, such as during the Master Plan 2030 exhibitions, consultation forum and stakeholder meetings and by mail. Some respondents had made use of the dedicated online service to complete the questionnaire. Of the nearly 30 000 responses received, only about 12 500 hard copies were collected at HKIA. As advised by SSRC of HKU, among these 12 500 questionnaires, about 5 600 contained missing information about the respondent's living district. Considering that they were likely completed by overseas visitors, these responses had been excluded from the compilation, analysis and reporting on the views collected in the main report. The overall 73.0% respondents who supported the three-runway option overall had not included this batch of responses.

66. Mr Vincent FANG declared that he formerly worked at AAHK and had participated in working out the Master Plan 2030. He pointed out that AAHK had indeed conducted the public consultation exercise concerned very thoroughly. Although over 80% respondents supported the three-runway option, the Administration should give due regard to concerns about environmental impact, which might affect the progress of the option. Ir Dr Raymond HO likewise considered the public engagement exercise on the Master Plan 2030 satisfactory, and said that it was the most thorough consultation exercise he had ever witnessed.

#### Future consultation exercises on the three-runway option

67. Mr Fred LI was keen to ensure that creation of the three posts for AEPCO would, as stated in the staffing proposal, facilitate maintenance of regular dialogue with stakeholders throughout the two-year EIA programme of the three-runway option, and that all relevant parties instead of only those supportive of the option would be engaged during the process.

68. CEO/AAHK responded that according to the preliminary environmental assessments conducted on the Master Plan 2030, the three-runway option would inevitably create various kinds of environmental impact. Conduct of further EIAs to ascertain the impact and identify mitigation and remedial measures was very important. In recognition of wide public concern in this regard, AAHK would also ensure that during the relevant EIA process, there would be proper engagement of the public, thorough public consultation, and continued communication with various green groups, political parties and academics. AAHK was already working out proposals in this regard, and would discuss these proposals with the Government. Apart from the above consultation efforts, the public would also have two opportunities to express their views during the EIA process, namely, the 14-day period for public inspection of project profile, and the 30-day period for public inspection of the EIA report.

69. Miss Tanya CHAN asked whether channels other than the statutory EIA process would be made available to enable the public to participate in the discussion on the three-runway option, in recognition that the whole community would be affected by the option due to its impact on the economy. She also enquired whether the option could really be withheld if necessary and if so, the relevant criteria for making the decision. STH responded that the go-ahead for this important large-scale project would not be given unless the relevant EIA report had been approved, the necessary funding made available and finally, public support secured. AAHK would thoroughly consult all stakeholders including the public before implementing the system, and members' views on how best to conduct consultation were welcome.

*Spectrum of stakeholders to be consulted*

70. Mr Andrew LEUNG stressed the need to consult not only green groups but also the commercial sector, affected residents and other stakeholders. He asked how the Administration and AAHK planned to achieve effective public engagement to resolve differences amicably, and said that the above could be achieved through maintaining the transparency of the planning process. Ms Emily LAU added that there was a need to address grave public concerns about the environmental impact of the three-runway option before taking it forward, and to gauge views from different organizations in recognition of their diverse views. Pointing out that the time allowed for project planning and approval for the three-runway option was sufficient being three years, Ir Dr Raymond HO similarly urged AAHK to seriously consider views from every sector during the period.

71. STH indicated agreement with Mr Andrew LEUNG, and assured members that since many aspects were involved in the relevant EIA studies, and that there was a need to mitigate impact on different aspects, such as marine ecology, and air and noise pollution, AAHK would adopt various methods to ensure effective public engagement in addition to engaging internationally acclaimed experts to

conduct the EIA studies. For example, to engage academics through organizing seminars, local residents through hosting resident briefings, green groups through keeping up communication with them, and the Panel through regularly updating it. As the three-runway option would involve reclamation of about 650 hectares and the handling of contaminated mud requiring the most advanced technology, technical advice might also be solicited from the engineering sector. In short, the Government was willing to engage stakeholders from every sector and at different levels, and would ensure they could freely express views on the three-runway option. CEO/AAHK confirmed that AAHK would continue to engage different sectors of the public through different means during planning and implementation of the three-runway option in recognition of its impact on the development of Hong Kong as a whole. He also thanked Mr Andrew LEUNG for his support for the three-runway option.

72. The Deputy Chairman enquired how the Administration intended to draw lessons from the consultation exercise on the Master Plan 2030 to ensure transparency in future consultation exercises, so that all relevant details apart from those sensitive ones would be made available to the public to enable them to make an objective assessment, and raise objections in a timely manner as necessary.

73. In response, STH referred members to the response of EDCD/AAHK in paragraph 65 above, and assured members that transparency would be maintained because the EIA process was highly transparent, and that the project profile as well as the EIA report concerned would be uploaded onto the Internet for public inspection. Moreover, the Administration had also undertaken to ensure that AAHK would continue to consult the public during implementation of the three-runway option.

#### *Specific concerns of stakeholders*

74. Ms Starry LEE said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the three-runway option since the option was beneficial to air freight development and maintaining Hong Kong's status as an international aviation hub. She, however, urged AAHK to undertake to conduct direct dialogue with relevant groups during the EIA process to address the concerns below –

- (a) Public concerns about the construction cost, which was already estimated to be some HK\$130 billion and might further increase due to various reasons;
- (b) The concerns of certain groups seeking to protect the Chinese White Dolphin;
- (c) The concerns expressed by residents who might be affected by the

noise pollution so arising; and

- (d) Certain groups' concerns about the increase in carbon emissions.

75. STH responded that the current cost estimate was the best that could be made based on available information. The Administration would, however, closely monitor the impact of the relevant EIA outcomes and associated design details on the construction cost. When all the above details were available in end 2014, a more accurate estimate of the construction cost would be worked out to facilitate formulation of financing arrangements. She further reaffirmed that the public and different sectors would be consulted during the EIA process. The public engagement exercise of the three-runway option would also be conducted properly.

76. The Chairman echoed members' views regarding the need to conduct comprehensive public consultation to address environmental concerns, and was glad to note from the Administration and AAHK that both local and international experts would be engaged during the EIA process.

#### Environmental impact of the three-runway option

77. Mr Fred LI noted the announcement of the Government's decision to update the Air Quality Objectives (AQOs). He urged AAHK to honour its earlier undertaking to conduct a detailed air quality impact assessment adopting the new AQOs as the benchmark under the EIA studies of the three-runway option and to ensure that the design of the third runway could comply with the above updated standards. In response, STH and CEO/AAHK confirmed the determination of the Government and AAHK to adopt the new AQOs, and to approve the relevant EIA report on the basis of these new AQOs.

78. Mr Albert CHAN questioned whether the relevant EIA could be conducted properly because the environmental impacts concerned were complicated, involving not only aircraft noise pollution but also air and water pollution, and impact on the Chinese White Dolphin; and that the criteria for assessing such impact were unclear and lenient. In particular, no specific law governed air pollution and aircraft noise pollution. As a result, the difference between the "Noise Exposure Forecast" (NEF) of HKIA and its actual noise exposure after commissioning was great, thereby giving rise to grave public concern. He was concerned that such mistakes might be repeated if the above unclear and lenient legal framework was not improved, and that even though the location of the third runway would seriously affect the habitat of the Chinese White Dolphin, its EIA report might still be approved, so that the relevant EIA process in fact could not help prevent the three-runway option from being implemented.

79. In response, STH assured members that in recognition of wide public

concerns, AAHK had already undertaken to conduct the relevant EIA studies in the most stringent and professional manner according to relevant aircraft noise and marine ecology standards. For example, AAHK had already undertaken to conduct a detailed air quality impact assessment by adopting the new AQOs as the benchmark when the statutory EIA was conducted.

### *Noise impact*

80. The Deputy Chairman highlighted complaints from residents of Park Island, Ting Kau and Belvedere Garden about aircraft noise pollution, which had remained unresolved for years, and expressed concern that the three-runway option entailing new flight paths might affect more residents including those from Tsing Lung Tau and Sham Tseng. He therefore urged the Administration to map out additional mitigation measures as necessary and to conduct timely public consultation. Where necessary, compensation should also be considered for causing the residents concerned to suffer from the impact of the three-runway option. He further enquired whether the option would still proceed if environmental impacts of or opposing views to it reached a certain extent.

81. STH responded that when the design capacity of the third runway was finalized, noise exposure contours of it would be produced in the light of the design of the relevant flight paths, the flight movement forecasts, the planned runway usage, and associated night noise mitigation measures. She further assured members that since the three-runway option would enable use of the south runway as a standby when there were fewer aircraft movements from midnight to early morning, it could in fact help reduce the impact of aircraft noise on North Lantau. Notwithstanding, the Administration would make more efforts to minimize the aircraft noise impact of HKIA.

### *Impact on marine life*

82. Mrs Regina IP stated that the New People's Party fully supported the construction of the third runway to maintain Hong Kong's status as an international and regional aviation centre, so as to attract more international corporations to move their regional headquarters to Hong Kong and to contribute to the economic development of the Pearl River Delta. However, she was concerned about the impact of the large-scale reclamation required on marine ecology (especially the Chinese White Dolphin) and fisheries, and asked whether advice from dolphin experts had been sought on how to mitigate the impact.

83. STH responded that AAHK attached great importance to the conservation of marine ecology and would pay special attention to the above impacts in the relevant EIA studies, so that specific measures could be taken to either mitigate the impact or make compensation as appropriate. She further explained that large-scale reclamation had been necessitated by the need to provide space for taxiway and a full range of airport operational and supporting

facilities to facilitate operation of the new runway. However, measures to protect the Chinese White Dolphin would be taken before reclamation was conducted.

84. DDP/AAHK confirmed STH's points above, and added that aware of the impact of large-scale reclamation on marine life (in particular the Chinese White Dolphin), more local and international experts would be engaged. It was also hoped that by conducting the scheme design in parallel with EIA, the best way to construct the third runway could be identified to obviate the above impact. In reply to Mrs Regina IP, he further advised that AAHK would solicit as much advice in this regard as practicable by keeping up liaison with groups protecting the Chinese White Dolphin, and engaging local and international specialist consultants on marine ecology.

#### Funding and financing issues

85. Mr Albert CHAN expressed concern that as deduced from the experience with similar large-scale projects in the past, the presently reported funding shortfall of some \$102 billion (at money-of-the day prices) for the three-runway option might increase to \$200 billion when project details were finalized. Mr Vincent FANG expressed similar concerns about likely cost increase and, pointing out that the HK\$130-billion construction cost of the three-runway option was substantial, opined that the "user pays" principle should not fully apply in this case. Instead, the Government should consider directly injecting funds to help implement the option.

86. STH indicated agreement with the members on the likely increase in cost due to inflation. Hence the financing arrangements could only be worked out after completion of the EIA process. The outcomes of EIA could shed light on the mitigation measures and environmental costs required. The associated design details, which would be prepared in parallel with the EIA process, could then be refined. When the final design and the changes necessary to mitigate any environmental impact so identified were worked out, the actual construction costs required would be finalized to enable AAHK to formulate the financing arrangements for developing the three-runway system.

Admin. 87. Ms Starry LEE expressed concern that HK\$38.9 billion of the HK\$136.2-billion construction cost of the third runway would be used for land development. She urged the Administration to explore new methods and technologies that would help reduce such land development cost, and to report back on the outcomes in due course.

#### *Funding options*

88. Regarding the options for financing arrangements, STH advised that these could include direct injection of funds by the Government, delayed dividend

payment by AAHK to the Government and issue of bonds by AAHK. She also agreed that care should be exercised in applying the "user pays" principle in this case, lest HKIA's competitiveness would be affected. In short, the Government would consider all the above options with an open mind and would not pre-empt the adoption of any of them.

89. Miss Tanya CHAN enquired how the proposal to spread the capital expenditure of the three-runway option over a span of 18 years had been worked out. STH responded that the above arrangement had been made on the basis of the preliminary estimate of the above expenditure, and would be adjusted as more project details were available as described above.

#### *Economic benefits*

90. The Deputy Chairman stated that as a Member returned from the Tourism Functional Constituency, he supported the three-runway option. He, however, pointed out that Cathay Pacific Airways (CX) would greatly benefit from the option, and proposed that to be fair, parties such as CX which would greatly benefit from the option should be urged to help mitigate the option's impact on the residents or areas that would greatly suffer, or that efforts would be made to ensure that the option could benefit more parties instead of mainly CX.

91. STH responded that HKIA was important to the economic development of Hong Kong. The three-runway option would also increase the jobs available on the airport island from some 60 000 to 140 000, and most of these new jobs would suit young people. As such, it might not be desirable to just look at the benefits which the option could bring to individual parties and subject them to certain obligations under the "user pays" principle. However, although the financing arrangement would be decided later, the Administration was open as to whether and how the user pays principle should apply, in which case the user might include not only passengers but also air carriers.

#### Air traffic demand

92. Ir Dr Raymond HO noted that it would take 11 years to plan and implement the three-runway option, so that the third runway would not be available until 2023, only seven years before 2030. In response to him on plans for reviewing and making preparations for air traffic demand beyond 2030, STH explained that air traffic demand would be reviewed every five years. She further assured members that with technological development, the handling capacity of HKIA in 2030 might be greater than that presently estimated because of the advance in aircraft and air traffic control technology, and the use of larger new airplanes to reduce the number of flight movements. However, fully aware that airport operation could generate a lot of upstream and downstream economic activities, the Administration would continue to monitor developments of the overall situation to ensure that planning work was done properly, so as to

maintain Hong Kong's status as an international aviation hub. In particular, HKIA was the world's busiest international cargo airport, and had overtaken the Memphis International Airport in air cargo for the past two years even after taking into account the United States' domestic air cargo.

93. The Director-General of Civil Aviation added that CAD had all along been making efforts to improve aircraft and air traffic control. The International Civil Aviation Organization was also examining how to reduce the final approach spacing to enable air traffic controllers to sequence aircraft on final approach in a tighter and more compact manner. Such development would increase the capacity of the present two-runway system marginally in the long run. However, this was way short of meeting HKIA's air traffic demand by 2030 and would not obviate the need for its further development.

94. The Chairman opined that during the design stage of the three-runway option, regard should be given to ensuring an internal transport system with proper signage to efficiently link up all terminals of HKIA and all air bridges and apron facilities. The Administration and AAHK noted his views.

#### Waiting time at immigration counters

95. Ms Emily LAU enquired whether the Master Plan 2030 could help shorten the waiting time at immigration counters at HKIA. STH responded that as understood, the average waiting time at immigration counters could meet the relevant performance pledge but during peak hours the waiting time might be longer. Complaints in this regard had already been relayed to the Security Bureau for handling. CEO/AAHK added that ImmD's performance pledge in this regard was that immigration clearance for 95% passengers should be achieved within 15 minutes. During most of the time the pledge could be met and even during peak hours, the waiting time was at most 30 minutes. He assured members that AAHK, ImmD and all operators at HKIA were gravely concerned about the waiting time problem, and that approval for increase in staffing support for ImmD would certainly help improve the situation. The Chairman urged AAHK to work with ImmD to improve the situation.

#### Conclusion

96. Summing up, the Chairman concluded that the Panel supported the three-runway option but hoped that the Administration and AAHK could conduct the relevant public consultation and engagement exercise better to involve all stakeholders. Better still, local and international experts should be engaged in the consultation process. He further concluded that the Panel supported the staffing proposal and submission of it to the Establishment Subcommittee for consideration.

97. Ms Emily LAU added that the Administration should list out in the

Admin.

relevant funding proposal to be submitted to FC all major views and concerns expressed by members at this meeting as well as the Administration's responses thereto.

**VII Any other business**

98. The Chairman reminded members that the April regular meeting of the Panel would be held on 23 April 2012.

99. There being no other business, the meeting ended at 1:10 pm.

Council Business Division 1  
Legislative Council Secretariat  
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