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Clerk to the Legislative Council Panel on Economic Development (Attn: Ms Debbie YAU) Legislative Council Legislative Council Complex 1 Legislative Council Road Central, Hong Kong

Dear Ms Yau,

Panel on Economic Development Meeting on 23 March 2015

Thank you for your letter dated 25 March 2015. With regard to the follow-up items arising from the above meeting, I am authorised to reply as follows.

(a) Maximum number of aircraft movements of overseas airports

Runway capacity of an airport is affected by a host of factors, including the standard separation between aircraft, the peripheral airspace, the terrain and the operating environment, the aircraft mix at the airport, and the airport's infrastructure, etc. As the circumstances at different airports around the world are not entirely the same, their runway capacity is different even with the same number of runway. For example, the maximum number of aircraft movements per hour at the Kansai International Airport in Osaka, Japan, is 45, while that of the Heathrow Airport in London, the UK, is 88 movements per hour. The higher capacity at Heathrow Airport is probably due to the different terrain features with no restrictions arising from high hills, etc. The National

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Air Traffic Services (NATS), an aviation consultant of the UK, has conducted a study into the runway capacity under the two-runway systems of both the Hong Kong International Airport and London Heathrow Airport. NATS had carefully analysed the relevant factors of the HKIA, including its surrounding terrain, operating environment, infrastructure and airspace, and concluded that the practical maximum capacity of the HKIA was a maximum of 68 movements per hour. The information on the maximum number of aircraft movements per hour of the overseas airports operating under two-runway system collected so far is set out at <u>Annex 1</u> for Members' reference.

(b) Airport Construction Fee

As part of the financing plan of the three-runway system (3RS) project, the Airport Authority Hong Kong (AAHK) has proposed to introduce an Airport Construction Fee (ACF) of \$180 per departing passenger, with exemption for transit passenger, at the HKIA.

A number of airports around the world have imposed similar levies on passengers to finance airport expansion/ development projects, e.g. airports in the Mainland, the US, Toronto of Canada, Athens of Greece, etc (see <u>Annex</u> <u>2</u>). It is not envisaged that the introduction of ACF, as long as the amount is reasonable, would have significant impact on the demand of air travel at HKIA.

With regard to AAHK's proposal, the Government considers that AAHK should set the ACF amount at a lower level to minimize the burden on passengers. AAHK is exploring options for lowering the ACF.

(c) Whether the airspace management arrangements are in compliant with Article 130 of the Basic Law

Driven by the robust economic growth of Hong Kong and the nearby Pearl River Delta (PRD) region, air traffic in the region has become busier day by day. In 2004, the Civil Aviation Administration of China, the Civil Aviation Department (CAD) of Hong Kong and the Civil Aviation Authority of Macao set up the "PRD Region Air Traffic Management Planning and Implementation Tripartite Working Group (TWG)" to formulate measures to rationalize the airspace structure and air traffic management arrangements in the PRD region to optimise the use of airspace and enhance safety. After conducting more than ten different meetings, the TWG jointly drew up the "PRD Region Air Traffic Management Planning and Implementation Plan (Version 2.0)" (the Plan) in 2007, which has clearly stipulated the short, medium and long term optimisation targets and measures to be achieved and implemented before 2020. The TWG also agreed to optimize the use of the PRD airspace resources through joint airspace planning, use of common standards and harmonised flight procedure design, with a view to supporting the continued development of the civil aviation industry in the region.

The Plan has been analysed and studied by technical personnel from the Mainland, Hong Kong and Macao with the use of advanced evaluation techniques, and has incorporated the advice of air traffic control experts of the three sides during its formulation. In the course of implementing the Plan, the CAD will ensure that the arrangements made are in compliant with the relevant provisions of the Basic Law and the relevant requirements set down by the ICAO.

Thank you for the interest of the Members in the project.

Yours sincerely,

(Desmond Wu) for Secretary for Transport and Housing

c.c. Hon Jeffrey LAM Kin-fung, GBS, JP Chairman of the Panel on Economic Development

Airport / Country	Maximum number of aircraft movements per hour	
Hongqiao International Airport, Shanghai, Mainland	43	
Kansai International Airport, Osaka, Japan	45	
Don Mueang International Airport, Bangkok, Thailand	52	
Gatwick Airport, UK	55	
Dubai International Airport, United Arab of Emirates	62	
Changi Airport, Singapore	62	
Narita International Airport, Tokyo, Japan	68	
Suvarnabhumi Airport, Bangkok, Thailand	68	
Heathrow Airport, London, UK	88	

The maximum number of aircraft movements per hour of some of the overseas airports operating under two-runway system

Source: Websites of the airports concerned and the Airports Council International, as well as the advice obtained from the air traffic control personnel of the airports concerned.

Annex 2

Examples of Airport Construction Fees in other airports

Airport/ Country	Name of Charge	HK\$ equivalent ¹
Toronto	Airport Improvement Fee	172
Vancouver	Airport Improvement Fee	138
Calgary	Airport Improvement Fee	206
Athens	Airport Development Tax	218
Mumbai	Airport Development Fee	78
United States	International Transportation Tax ²	136
Mainland	Airport Construction Fee ³	114

Source: IATA Airport, ATC and Fuel Charges Monitor (January 2015)

¹ HKD 1 = CAD 0.1454, EUR 0.101, INR 7.92, USD 0.1289, RMB 0.7895 (Bloomberg, 19 Oct 2014)

² Tax collected will go to Airport and Airway Trust Fund that feeds the Airport Improvement Program which provides funds for airports to pay for approved infrastructure projects.

³ Contribute to Aviation Development Fund under the Ministry of Finance which provides funds to individual airports for their expansion needs.