

Chapter 6

Finding of Facts III

- A. Security
- B. Noise under the flight paths
- C. Overall economic loss in Hong Kong

A. Security

Problems reported on AOD

6.1 On AOD, trespassers were found in the restricted areas of the new airport. It has also been reported that in the three weeks after AOD, there were 29 cases of illegal entry into restricted areas¹ in the airport and that the airport staff responsible for security were not accustomed to the security procedures in the new airport. Security controlled doors in PTB were not functioning and about 300 security guards had to be posted at such doors to control entry into and exit from the restricted areas.

6.2 According to AA, there were five reported incidents in which arriving passengers were not able to exit airbridges through controlled doors into PTB. These occurred between 11 July and 23 July 1998 and resulted in a short wait for passengers until the doors at the airbridges were released. There were also problems in securing the timely production of security permits.²

6.3 The Select Committee has therefore decided to investigate into the security arrangements in the new airport.

Aviation security in the new airport

6.4 In accordance with the Aviation Security Ordinance and the Hong Kong Aviation Security Programme, AA is responsible for developing and implementing the Airport Security Programme (ASP), integrating aviation security requirements into the design and construction of the new airport, developing procedures for restricting access to the airport restricted areas (ARAs) and implementing a quality assurance programme, including staff training.³

Source:

¹ *Ming Pao Daily*, 31 July 1998.

² AA's response to the letter from the Chairman of the Commission of Inquiry on the New Airport dated 28 July 1998, Item 24, paragraph 2.

³ ADSCOM Paper 39/96 for discussion on 22 June 1996, paragraph 16(a).

6.5 CAD was, prior to the commissioning of the new airport, responsible for the drawing up and monitoring of compliance with operational safety and security standards at the new airport; it was responsible for drawing up recommendation for the issue of Aerodrome Licence to the licensee, i.e. AA. This is for the purpose of ensuring that the airport is safe for use by aircraft. In order to perform this regulatory role, the Airport Standards Division was established in CAD in August 1995 to ensure compliance with safety and operating standards by AA.⁴

6.6 AA has also set up the Safety and Security Department to develop a safety management system aimed at ensuring that all operational and maintenance systems were designed in ways which promoted safety and prevent accidents. The safety management system is a requirement for aerodrome licensing.⁵

6.7 During the construction phase of the new airport, the general security around the site of the new airport was controlled by the security personnel of AA. Specific responsibility for care and protection of the works rested with the various contractors under their respective contracts until 28 days after Completion Certificates were issued. Under the terms of the contract, the contractors are excused from liability for loss and damage occasioned by certain excepted risks which include damage caused by the use or occupation of the works or caused by other contractors including those employed by tenants.⁶

Source:

⁴ Witness statement of Mr Richard SIEGEL, former Director of Civil Aviation, pages 2 and 3, paragraphs 3g and 4.

⁵ ADSCOM Paper 39/96, paragraph 16(a).

⁶ Letter dated 30 December 1998 from Mr Billy LAM to Clerk to the Select Committee.

6.8 As far back as December 1996, the strategy for ASP has been identified as a critical item by ADSCOM to achieve an April AOD. However, AA has been reporting since December 1996 a serious delay in formulating ASP pending a policy decision on the overall airport security strategy from the Government. AA was also waiting for the Government's approval for the former's proposed "Criteria Governing the Provision of Security Services", without which AA was unable to proceed with its key staff recruitment programme and the selection of specialist security training consultants.⁷

6.9 At the request of NAPCO made in June 1997, AA subsequently developed a compressed security programme for AOD which adopted a non-standard approach imposing a significantly truncated time period for preparation of tender submission materials by tender respondents.⁸

6.10 However, the procedures in the Aerodrome Licence in respect of security and related emergencies could not be completed until the Government had approved the security strategy of the new airport.⁹

6.11 On 11 November 1997, the Government finally announced that AA would form a subsidiary company with the Police and Customs & Excise Department to provide all security services at the new airport, including the tenant restricted area.¹⁰

6.12 On 31 December 1997, AA announced that a subsidiary company, bearing the name of the Aviation Security Company Limited (AVSECO), was formally established to provide aviation security services at the new airport.¹¹ AA owns 51% of AVSECO and the Government owns the remaining 49% of the shares. Mr WONG Po-yan, Chairman/AA, was also the Chairman of AVSECO.¹²

Source:

⁷ AA Board Papers 174/97, 207/97, 243/97, 256/97 and 312/97.

⁸ AA Board Paper 156/97, paragraph 28.

⁹ AA Board Paper 312/97, paragraphs 15 and 16.

¹⁰ AA Board Paper 353/97, paragraph 16.

¹¹ AA's press release dated 31 December 1997.

¹² Witness statement of Mr Sidney CHAU, General Manager of AVSECO, page 1.

6.13 AA has delegated its responsibilities for security to AVSECO since the latter's establishment to:

- (a) manage the ARA Permit System after the Permit Office was fully commissioned;
- (b) work with Securair in Kai Tak to establish an integration process that would enable Securair staff to transfer to AVSECO;
- (c) provide a package of training services for staff from Securair; and
- (d) develop ASP and aim to have the first draft ready by the end of January 1998.¹³

6.14 Mr Mark SILADI, Vice-Chairman/BAR, considered that AVSECO which was only set up at the end of 1997 was somewhat disorganized.¹⁴ The Select Committee also notes that, in his witness statement, Mr Douglas OAKERVEE was of the view that AA was hampered in the making of security arrangements by the Government's belated decision on establishing AVSECO.¹⁵

6.15 In March 1998, AA reported to ADSCOM that AVSECO had completed review of the Tenant Restricted Area Security Programme following confirmation from the Government of the scope of airport security services. AVSECO began to take over, in phases, asset protection services from AA's existing security section. The first phase would concentrate on key points within PTB. AVSECO would also provide full guarding and x-ray screening services during the third PTB trial on 28 March 1998. Further security screening would be phased in progressively thereafter with a view to establishing the Restricted and Enhanced Restricted Areas no later than mid-June 1998.¹⁶

Source:

¹³ AA Board Paper 20/98, page 3, paragraph 15.

¹⁴ Witness statement of Mr Mark SILADI, VC/BAR, page 5.

¹⁵ Witness statement of Mr Douglas OAKERVEE, PD/AA, page 26, paragraph 80.

¹⁶ ADSCOM Paper 12/98, paragraph 27.

6.16 On 1 April 1998, AA issued instructions to contractors advising them of the implementation of the Interim Security Measures whereby access and egress to areas within PTB would be controlled by Airport Management Division through AVSECO. ARA was then divided into operational zones and each ARA permit would allow the permit holder access only to the designated ARA. Security guards would be posted at the access and egress control points.¹⁷

6.17 In June 1998, staff recruitment of AVSECO was complete with 1,495 security officers recruited from Securair. These staff attended a full familiarization programme at Chek Lap Kok before AOD. A further 810 security staff had also been recruited and received full aviation security training before AOD.¹⁸

6.18 On 29 June 1998, CAD issued the Aerodrome Licence to AA.

6.19 AA reported to ADSCOM on 2 July 1998 that progressive implementation of ASP security measures had been completed. The Enhanced Restricted Area had been established and 20,500 Chek Lap Kok permanent permits as well as 8,700 temporary permits had been issued.¹⁹

6.20 In the same report, AA also said that ‘the Access Control System stability has improved’ and ‘work is continuing to improve the reliability of card readers’. It is clear from these statements that the access control system and the card readers were either unstable or unreliable as at 2 July 1998, four days before AOD. The Select Committee notes that in the NAPCO Update on New Airport Projects dated 30 June 1998, it was reported that ACS was still unreliable, failing to function at various locations due to continuing software and configuration problems. Therefore, it was unfortunate that ADSCOM failed to appreciate the risk of using a security system that was unstable and unreliable for the new airport, possibly having been misled by the positive and optimistic manner in which the state of affairs then was reported.

Source:

¹⁷ Letter dated 1 April 1998 from Mr K C TSUI, PM/AA, to Guardforce Limited.

¹⁸ AA Board Paper, paragraphs 44 to 46.

¹⁹ ADSCOM Paper 36/98, paragraph 16.

6.21 On AOD, ACS failed to function at many security control points and security guards had to be posted at these points.

Access Control System

6.22 ACS, together with the Closed Circuit Television (CCTV) system, monitors security alarms, controls building and airfield access and issues access cards/permits. In PTB, the security is achieved by controlling access through doors and fire escapes. Outside PTB, the boundary fence in the airfield is monitored by a microwave detection system.²⁰ The design, installation and commissioning of ACS were the responsibility of Project Division, and Airport Management Division was responsible for operating the system through AVSECO.²¹

6.23 Guardforce was commissioned as the main contractor to develop ACS. The sub-contractor was CEM. According to PD/AA, as safety and security were of paramount importance to airport operation, he set up weekly telephone conferences with both contractors to monitor the progress²² throughout the development of ACS.

6.24 As a contingency plan, AA advised that ACS had been designed to have workstations linked to a network of Door Access Control (DAC) units. These DAC units are installed in various locations of PTB and other buildings. In the event of failure of the head end equipment, individual DAC units will operate as standalone units with all the data of the approved permit holders. If a DAC unit fails, only 12 doors at most will be affected, and security guards will be deployed rapidly to operate the affected doors. While the system was tested, security guards were permanently in place.²³

Source:

²⁰ "Airport Systems - System Integration/Training & Contingency Planning" dated 27 October 1997, paragraph 4.7.

²¹ Letter dated 29 October 1998 from Mr Bill Roberts on behalf of Mr Douglas OAKERVEE, paragraph 8.

²² Witness statement of Mr Douglas OAKERVEE, PD/AA, paragraph 79.

²³ AA's response to the letter from the Chairman of the Commission of Inquiry on the New Airport dated 28 July 1998, Item 24, paragraph 5.

6.25 Mr Douglas OAKERVEE advised that after the installation of ACS, AA had given lectures to all the contractors' staff, explaining the importance of discipline in using the security system properly. Despite this, doors were broken or forced open, constantly setting off the alarms. It was therefore extremely difficult for AA to test the entire system properly, and the focus of attention was always on fixing defects.²⁴

6.26 Dr Henry TOWNSEND also confirmed with the Select Committee that an influx of a large number of workers under the airport tenants' fit out contracts was the main cause of the problem. These workers were not cultured in the working conditions of PTB and tended to lack the discipline required. A large number of security doors were damaged after having been forced open or broken by workers for convenience of access. Testing of ACS was severely disrupted.²⁵

6.27 Measures were taken by AVSECO and the Police to stop the deliberate damage described above and to enable PTB to be properly secured,²⁶ e.g. by posting guards in PTB to prevent any further damage or vandalism. The above situation was reported to ADSCOM on 24 June 1998 in AA's Airport Operational Readiness Status Report. In its weekly reports to the AA Board between June 1998 and AOD, the AA Management also reported deliberate damage to the doors and interference with ACS²⁷ to the Board.

6.28 On the effect of the damage, Mr Billy LAM advised that acts of vandalism on the part of contractors' workers and others working in PTB were one of the main contributory factors to delays in completing ACS before AOD. The effect of the damage to ACS was that the frequency of alarms would be at a level that far exceeded the design capacity of the system resulting in disruption to the commissioning process.²⁸

Source:

²⁴ Witness statement of Mr Douglas OAKERVEE, PD/AA, paragraph 82.

²⁵ Letter dated 1 December 1998 from Dr Henry TOWNSEND, CEO/AA, to Clerk to the Select Committee, page 2.

²⁶ ADSCOM Paper 34/98, paragraph 8.

²⁷ Airport Works Schedule of Critical Activities Weekly Status Reports No. 25, 26, 27 and 28.

²⁸ Letter dated 30 December 1998 from Mr Billy LAM, Acting CEO/AA to Clerk to the Select Committee, page 3.

6.29 Mr Sidney CHAU, GM/AVSECO, as a user of ACS, pointed out that problems with ACS had necessitated the employment of some 300 additional temporary security staff to guard security doors controlled by ACS. Extensive management resources had to be devoted to the identification of problem ACS doors which were likely to cause a security risk and the subsequent deployment of sufficient guards to man these problem doors. In addition, the malfunctioning of ACS had also caused problems to some permit holders in gaining access into the airport.²⁹

6.30 All contractors were informed both by briefings and in writing in April 1998 of the "Interim Security Measures / Access Arrangement for the Passenger Terminal Building" which described in detail the access points to the building, site passes, facilities and other procedures, but there was still deliberate damage and interference to ACS between June 1998 and AOD.

6.31 The continuous interference with ACS as indicated in the preceding paragraphs has resulted in ACS not being tested and trialled thoroughly. Although AA advised ADSCOM that ACS software problems identified in airport trials had been resolved and remote control of door locks was being progressively implemented,³⁰ Mr Douglas OAKERVEE admitted that ACS was only tested with over 2,000 permits in airport trials. The problems which occurred on AOD arose when the system became fully operational and had to deal with some 40,000 permits being downloaded in a single tranche. This reveals some undiscovered difficulties with the software.³¹

6.32 Mr Douglas OAKERVEE alleged that AA has been hampered in the making of security arrangements by the Government's belated decision on establishing AVSECO. However, the Select Committee cannot find any evidence to support this, as the recruitment and training of security staff have largely been completed before AOD.

Source:

²⁹ Letter dated 27 November 1998 from Mr Sidney CHAU, GM/AVSECO, to Clerk to the Select Committee, page 7.

³⁰ ADSCOM Paper 34/98, paragraph 8.

³¹ Witness statement of Mr Douglas OAKERVEE, paragraph 83.

6.33 Furthermore, Mr TSUI King-cheong, PM(E&M Works)/AA, told the Commission of Inquiry on the New Airport on 29 October 1998 that some of the ACS controlled doors had defects and quite a few of the defects were identified after AOD. When Guardforce, the ACS contractor, installed ACS at the doors, they might find that the power was not available, or the door closing mechanisms were not working, or there was no interfacing point for them to do the termination.³² It is therefore clear that the damage to the ACS controlled doors made by the contractors' workers was not the only contributing factor to the problems of ACS on AOD. The absence of a proper acceptance procedure to ensure that all the doors were of an acceptable standard before Guardforce moved in to install ACS, thus causing delay in ACS installation, was also another cause leading to the problems of ACS on AOD. Therefore, the Select Committee is of the firm view that PD/AA should be held responsible for the problems of the security system on AOD.

6.34 The Select Committee is also of the view that although the delay in the Government's decision on the overall airport security strategy has caused anxiety in AA and in turn caused delay in the preparation of the security and emergency procedures for the new airport, recruitment and training of security personnel have been completed before AOD. The malfunctioning of ACS, according to the evidence presented to the Select Committee, is the result of inadequate testing and trial with real life load. However, AA's inability to test ACS thoroughly was due to the following reasons:

- (a) Guardforce could not install ACS expeditiously because some security control doors were defective; and
- (b) ACS, after being installed, had been interfered with continuously by the contractors' workers.

This, in the view of the Select Committee, reflects poor project control on the part of PD/AA.

Source:

³² *Minutes of evidence of the hearing of the Commission of Inquiry on the New Airport on 29 October 1998, pages 138 to 142.*

B. Noise under the flight paths

Introduction

6.35 Shortly after the new airport came into operation, many complaints have been received about aircraft noise nuisance from residents living under the flight paths of the new airport. The Select Committee has therefore decided that it should also look into the reasons why so many complaints have been received and whether the noise nuisance can be mitigated.

Environmental Impact Assessment of the New Airport

6.36 After the site for the new airport at Chek Lap Kok had been selected and the alignment of the flight paths determined, PAA employed consultants to carry out an environmental impact assessment of noise arising from the operation of the new airport. In accordance with international standards, the consultants made noise exposure forecasts (NEF) which, in layman's term, are units expressing a combination of the level of noise generated by aircraft movements, and the frequency and timing of such movements over a period of time. The higher the NEF values, the more serious will be the noise impact. Based on such NEF values, the consultants drew up contours to indicate how the different areas around the new airport were affected by aircraft noise. It was determined that the NEF 25 contour should be adopted for the purpose of deciding the areas in which noise mitigating measures should be taken³³. The Select Committee notes that the contour adopted for most other airports is the NEF 30 contour, which is not as stringent as the NEF 25 contour.

6.37 The consultants employed to advise PAA did not provide any advice as to whether any measures to ameliorate the impact of aircraft noise should be taken for areas outside the NEF 25 contour. Indeed, the consultants advised that there would not be any problems in areas outside the NEF 25 contour³⁴. Mr CHAN Kam-sun, Principal Environmental Protection Officer, reiterated at

Source:

³³ Minutes of evidence of the 31st public hearing of the Select Committee, 19 December 1998, page 4.

³⁴ Minutes of evidence of the 31st public hearing of the Select Committee, 19 December 1998, page 20.

the hearing that the new airport had been planned according to international standard and was adamant that there was no need for the Government to pay any special attention to areas outside the NEF 25 contour as far as noise abatement measures were concerned³⁵.

6.38 The design of the flight paths was revised in 1994 and on the advice of the Environmental Protection Department (EPD), CAD changed the design of the runway in order to minimize the area within the NEF 25 contour³⁶.

6.39 The environmental impact assessment mentioned above was updated in 1997/98 and it showed that, with the exception of a small number of villages in Lantau, predominantly in Sha Lo Wan, all noise sensitive developments were outside the NEF 25 contour.

Complaints about Aircraft Noise

6.40 Between AOD and the end of October 1998, the Government received 936 complaints about noise nuisance from aircraft and most of the complaints were made by residents in Sha Tin, Kwai Chung, Tsing Yi and Hong Kong Island. Ironically, these areas are outside the NEF 25 contour. Mr Albert LAM, Director of Civil Aviation, frankly admitted at the hearing that he was surprised by the large number of complaints about aircraft noise that his department had received from people outside the NEF 25 contour although he had expected some adverse reaction from them after AOD. That was the reason why, in anticipation of possible complaints, CAD has installed aircraft noise tracking and monitoring systems under the flight paths in order to monitor aircraft noise levels³⁷. Data collected from such monitors will be used to assess the noise impact on the residents affected.

Source:

³⁵ Minutes of evidence of the 31st public hearing of the Select Committee, 19 December 1998, page 22.

³⁶ Minutes of evidence of the 31st public hearing of the Select Committee, 19 December 1998, page 24.

³⁷ Minutes of evidence of the 31st public hearing of the Select Committee, 19 December 1998, page 14.

6.41 According to measurements taken by CAD, the single event noise levels recorded in these areas on the flyby of aircraft varied between 65 and 72 decibels. When such single event noise readings were translated roughly to NEF values, Sha Tin would have a score of NEF14, Kwai Chung NEF 17 and Ma Wan NEF 19, all of which are below NEF 25³⁸.

6.42 The Select Committee notes that the noise level of a moving bus or a heavy truck recorded 10 or 20 metres away from the bus or truck is about 73 or 74 decibels³⁹ whereas the readings recorded on the flyby of an aircraft are between 65 and 72 decibels. When making such a comparison, the Select Committee is fully aware of the difference in the methodology of calculating NEF and that of measuring single event noise levels, but considers that such a comparison would give a reasonable indication of the noise nuisance as perceived by residents living under the flight paths of the new airport.

Employment of Specialist Advisers by the Select Committee

6.43 In order to assess whether the measures taken by CAD have been adequate in abating the aircraft noise nuisance which has been the subject of many complaints since the opening of the new airport, the Select Committee obtained the advice of two specialist advisers from the International Air Transport Association (IATA) on whether the design of the existing flight paths would achieve the maximum reduction in noise nuisance under the flight paths and whether there were any measures that could be taken to reduce such noise nuisance. Apart from submitting reports to the Select Committee, the two specialist advisers were also summonsed to give evidence before the Select Committee.

Source:

³⁸ *Minutes of evidence of the 31st public hearing of the Select Committee, 19 December 1998, page 6.*

³⁹ *Minutes of evidence of the 31st public hearing of the Select Committee, 19 December 1998, page 11.*

Community consideration

6.44 According to one of the specialist advisers, Mr William BOURKE, who is the chairman of the Environmental Task Force of IATA, in the past five years, it has been common practice⁴⁰ for airport authorities in other parts of the world, when doing the master plan for new airports, particularly larger airports and airports near cities and urban areas, to embark on a programme of consulting the community which may be affected by aircraft noise. The purpose for such consultation is to make the community aware of the possibility of their being exposed to aircraft noise⁴¹. He realises that after such consultation, it may or may not be possible for the flight paths to be changed⁴², but at least the community outside the significant NEF contour would be forewarned about possible noise exposure. According to his experience, people outside the significant NEF contour do respond negatively to aircraft noise⁴³.

6.45 In this connection, the Select Committee is disappointed that the professional staff of EPD have not kept themselves abreast of the latest practice in other parts of the world and therefore could not provide sound advice for CAD on the need to consult the residents who may be affected by aircraft noise. EPD's insistence that it is adequate just to follow international standards when planning the new airport demonstrates clearly not only its staff's failure to appreciate community's negative attitude towards airport noise but also their obstinacy. CAD, which has considerable experience in running an airport should also be criticized for not being adequately sensitive to the need for reducing aircraft noise levels when determining the flight paths of the new airport.

Source:

⁴⁰ Minutes of evidence of the 31st public hearing of the Select Committee, 19 December 1998, page 55.

⁴¹ Minutes of evidence of the 31st public hearing of the Select Committee, 19 December 1998, page 54.

⁴² Minutes of evidence of 31st public hearing of the Select Committee, 19 December 1998, page 56.

⁴³ Minutes of evidence of 31st public hearing of the Select Committee, 19 December 1998, page 59.

Mitigating Measures to Reduce Noise Impact Outside NEF Contour

6.46 The two specialist advisers have noted that CAD have made considerable modifications to the flight paths designed by the consultants employed by PAA since 1994 and before the opening of the new airport. Since the opening of the new airport, CAD has been using different flight paths at different times of the day so that aircraft fly over residential areas with lower frequency. The two specialist advisers confirm that this has been effective and is in accordance with international best practice.

6.47 The specialist advisers are aware of the fact that CAD needs to balance the interest of the civil aviation industry against the interest of the community; before CAD introduces any further mitigating measures to minimise noise exposure in the far field, it has to collect more information on noise impact in the areas affected in order to justify such further measures to the industry. This is being done in most other places in the world and according to the opinion of the specialist advisers, CAD is no more conservative than other airport regulators⁴⁴.

6.48 The Select Committee is gratified to note that CAD is doing everything within its ability to improve the flight paths of the new airport after AOD in order to reduce noise nuisance under the flight paths. However, the Committee questions why CAD has not been more sensitive to the impact of aircraft noise on people who have never been subjected to aircraft noise before, who may have been living in very serene environment for a long time, and who have been told all the time that the new airport is in a remote location. Had CAD been more alert and adjusted the flight paths as it has been doing after AOD, there would have been fewer complaints.

Source:

⁴⁴ Minutes of evidence of 31st public hearing of the Select Committee, 19 December 1998, page 64.

C. Overall Economic loss in Hong Kong

Introduction

6.49 Although the operation of the various services in PTB has reached an acceptable level one week after AOD, air cargo handling services had to be curtailed for several weeks after AOD and did not reach normal level until 24 August 1998.

The extent of the economic loss as assessed by the Government

6.50 On the basis of HACTL's recovery programme announced on 15 July 1998, the Government estimated on 16 July 1998 that the temporary suspension and then curtailment of HACTL's air cargo handling services between 8 July 1998 and the end of August 1998 would result in a loss of income in the order of \$4.63 billion, which is 0.35% of the Gross Domestic Product (GDP). On 15 November 1998, the Government Economist revised the amount of income loss downwards to \$2.90 billion, which is 0.22% of the GDP⁴⁵ because the pace of recovery of HACTL's air cargo handling services was considerably faster than had previously been envisaged by HACTL⁴⁶. The amount of loss represented the sum total of three components of economic loss namely, income loss due to delayed delivery of airborne exports, income loss due to cut back in airborne imports, and income loss due to loss in orders⁴⁷. It was projected on the basis of the market share of the average daily volumes of overall airborne exports and imports handled by HACTL, which was 80% of the market share⁴⁸.

Source:

⁴⁵ 'Impact of HACTL's suspension of service on the GDP – The extent of over-estimation of the assessment done on 16 July 1998', Worksheet for EAD's internal reference prepared on 15 November 1998.

⁴⁶ "Economic loss arising from disruption to HACTL's air cargo handling services", Memo dated 25 August 1998 from Government Economist to Secretary for Economic Services, paragraph 2.

⁴⁷ 'Impact of HACTL's suspension of service on the GDP – The extent of over-estimation of the assessment done on 16 July 1998', Worksheet for EAD's internal reference prepared on 15 November 1998.

⁴⁸ "Economic loss arising from disruption to HACTL's air cargo handling services", memo from Government Economist to Secretary for Economic Services dated 25 August 1998, Note column on page 1.

Whether the Government's assessment of loss of income is accurate

6.51 The Select Committee notes that different assessments had been made by different bodies of the total amount of loss of income. The Select Committee has therefore summonsed FS to attend the hearing on 9 December 1998 in order to ascertain whether the assessment made by the Government has been conducted in a professional and prudent manner.

6.52 In response to the Select Committee, FS said that he considered the assessment of the Government Economist on the economic loss of Hong Kong fair and reliable⁴⁹ and this had been borne out by past track records. The assessment has been made on income loss in respect of air cargo services only because the amount of income loss caused by the chaotic situation in PTB on AOD had been insignificant; i.e. the value of the income loss would not be within the first two digits after the decimal point in the GDP.

6.53 The Select Committee has also written to the Hong Kong Tourist Association (HKTA) to find out whether the travel industry had suffered any income loss as a result of the problems at the airport on AOD. The HKTA conducted a mail survey among all its travel agent members and tour operators, which numbered 100 and 117 respectively. The purpose of the survey was two-fold, to ascertain the loss of booked and potential business, expressed in monetary value and number of visitors, and to collect opinions and comments regarding problems encountered at the new airport⁵⁰. To the Select Committee, only information on the loss of booked and potential business was relevant.

Source:

⁴⁹ Minutes of evidence of the 27th public hearing of the Select Committee on 9 December 1998, page 65.

⁵⁰ "Assessment of the overall economic loss in Hong Kong due to the problems surrounding the commencement of the new International Airport", prepared by the Hong Kong Tourist Association Research Department, 7 January 1999, page 2, paragraphs 1-2.

6.54 Unfortunately, the response rate of the survey was low. The HKTA received only 14 replies, which represented a response rate of 6.5%. The HKTA explained to the Select Committee that the low response rate was probably due to the short time given for the travel agents and tour operators to respond, the fact that it took place over a major holiday season, and the difficulties to quantify the impact of problems in the airport on AOD on the business of the respondents. Because of the low response rate, the Select Committee cannot use the result of the survey to assess with any degree of accuracy the income loss caused by the problems in PTB on AOD.