

**For information
on 28 June 2004**

Legislative Council Panel on Economic Services

Temporary Golf Facility at Hong Kong International Airport

_____ The Airport Authority is planning to develop a temporary golf facility at the Hong Kong International Airport and would like to brief Members on the project. A paper prepared by the Airport Authority is attached.

2. We welcome any views from Members at the Panel meeting on 28 June 2004.

Economic Development and Labour Bureau
June 2004

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Purpose

This paper provides background information on the development of the Temporary Golf Facility (Facility) by the Airport Authority (AA) at the Hong Kong International Airport (HKIA) as a short-term land use.

Strengthening HKIA's position as a Transfer Hub

2. For major international airports, there is a global trend to develop transfer/hubbing business to meet service demand and provide basis for continual growth. Heathrow, for example, being a mature airport, records a high 50% of transfer passengers versus origin/destination passengers.

3. The percentage of transfer passengers has also grown for Hong Kong in the past several years. Taking advantage of HKIA's greater capacity and scheduling flexibility, airlines have increasingly used the airport to promote fast and convenient interconnections. In 2002, about 5.3 million of passengers used HKIA as an inbound transfer/transit point, representing 31% of the total passenger traffic, as compared to 23% of Kai Tak.

4. To strengthen Hong Kong's position as the region's aviation hub, a major initiative of AA is to increase transfer passengers to 50% of the total traffic within the next five years. A number of measures have been adopted to increase the flow of transfer passengers, including the introduction of coach service between Pearl River Delta cities and HKIA, and the opening of ferry transfer service to improve hassle free accessibility between the airport and several PRD ports. Spearheaded by EDLB, efforts are also being made to extend the global network of routes. The airport has also reconfigured its airside retail environment to cater for the shopping, dining and leisure needs of transfer passengers with long dwell time.

5. According to 2002 figures, about 1.2 million (23%) of transfer passengers had a total transfer dwell time of over four hours. According to surveys conducted by AA, about 24% of them showed a high interest level to

play golf at HKIA. Results also indicated that a higher interest level is registered for passengers with longer dwell time.

6. Golfing has fast become a popular sport for flight passengers, in particular frequent business travellers who wish to try their putt during transit. Golf course has been on the list of airport-related projects providing amenities to passengers for major transfer hubs including Changi Airport of Singapore; Schiphol Airport of Amsterdam and Brisbane Airport of Australia (under construction). Golf courses are being planned for Kuala Lumpur Airport of Malaysia and Incheon Airport of Seoul.

7. The proposed temporary Golf Facility will enhance HKIA's attractiveness as an aviation transfer hub. It will also benefit tourism. The Hong Kong Tourism Board, Cathay Pacific Airways Limited, Regal Airport Hotel, and Disney are amongst major institutions that have lent support to the proposed project.

Proposed temporary Golf Facility – idea and implementation

8. AA's Master Plan 2020 incorporates the development of a "SkyCity" (Please see Annex 1). Phase 1 of SkyCity comprises AsiaWorld-Expo, SkyPier, SkyPlaza and a new hotel. Construction or planning work is now respectively underway, and the project items will be completed between 2005 and 2007. The remaining land, situated amidst of the SkyCity Phase 1 developments, is earmarked for long term commercial uses under a phased development programme to avoid disturbing the market.

9. This piece of undeveloped land shall be very unappealing to the SkyCity visitors and other airport users if left in its scruffy form, and landscaping work would need to be undertaken. The cost for the one-off landscaping work is estimated to be approximately \$20 million, notwithstanding the continual maintenance costs. It would be prudent to introduce interim activities to increase the land productivity, and also complement the existing airport facilities without undermining the alternative for more productive permanent land uses.

10. To help strengthen HKIA as the region's aviation transfer hub, it was proposed that a temporary 9-hole executive golf course be developed on the land in question (location map at Annex 2). Land use was approved by the Town Planning Board for a 10-year term expiring in 2013. The location of the proposed temporary golf facility is as shown on the plan attached.

11. An initial environmental impact assessment was carried out in 2003 with results that indicated the proposed temporary Facility will have no negative environmental impact. Results showed that the proposed Facility will improve on the visual and landscape environment.

12. The proposed Facility will provide transit passengers, as well as airport users and workers at the HKIA with a new service. AA does not envisage competing with the private sector for business which is not served by other establishments in Hong Kong. The operator will need to fulfil the AA's project objectives to target the desired customers and AA will set out various measures to control the operator's compliance.

Anticipated Economic Benefits

13. The implementation of the Facility is likely to bring net economic benefits to the economy, estimated at HK\$32 million in present value terms (for the period up to 2013) based on the additional spending by passengers, tourists and airport users. The project is expected to generate up to 55 new jobs in Hong Kong and an additional employment of 50 man-years for the construction sector during the construction phase.

Time Schedule

14. Tender to select an investor/operator is about to complete. It is anticipated that the Facility could commence operation in 2006/07.

15. Members are requested to take note of the paper.

Airport Authority
June 2004

SkyCity in 2006/07



Location of Temporary Golf Facility

