

LC Paper No. CB(1)416/04-05(01)

Submission from Sir Elly Kadoorie & Sons Limited

Proposed Domestic Heliport Development

Introduction

In June 2003, we briefed the Panel on Economic Services on the findings of the Consultancy Study on Helicopter Traffic Demand and Heliport Development in Hong Kong (LC Paper No. CB(1)1959/02-03(04)). One of the recommendations of the Consultancy is to develop a permanent surface-level heliport in the urban area for commercial domestic helicopter services. At that meeting, Members urged the Administration to expedite action to provide for such a facility. This paper briefs Members on our proposal to develop a permanent domestic heliport in Sheung Wan.

Operators' Comments:

In the introduction, sole reference is made to the development of a permanent domestic surface-level heliport in Sheung Wan. This clearly should not be the only option under consideration. As in the past, we believe that sharing the proposed GFS facility to be constructed at the North East corner of the Convention Centre is the only sensible and cost effective way forward. The site at the Convention Centre is already zoned for helicopter use, has the best location and meets with the requirements of GFS, commercial operators and the public at large.

Government have never put to your Panel the views of the helicopter operators from the private sector. Our objective is to comment on points set out to you in Government's paper so that a balanced view is presented.

Background

Domestic Helicopter Services

2. Domestic helicopter services comprise mainly local sightseeing flights, business charters, and special-purpose flights for airlifting, aerial surveying and photography. Such services have recorded substantial growth in recent years. Between 2001 and 2003, the number of annual domestic flights

increased by 126% from 4,790 movements to 10831 movements. The growth was mainly driven by the demand for sightseeing flights and business charters, which took up about 80% of the total domestic helicopter movements in 2003. Although sightseeing is a relatively new tourism product, it has gained popularity among tourists and local residents. The prospect of domestic helicopter services is therefore promising, particularly when complemented by the completion of major tourism facilities in the coming years which will attract more tourists to Hong Kong and, hence, generate greater demand for sightseeing helicopter tours. There is also an important potential market for speedy and convenient transportation for time-sensitive business travellers between the central business district (CBD) and other parts of Hong Kong e.g. the Hong Kong International Airport. According to the projection of the consultancy, the domestic helicopter services market is estimated to grow by an average of 6.3% per year between now and 2020.

Operators' Comments:

We are in agreement in principle with Government's forecast of the strong growth of helicopter movements. In addition, we are seeing significant pent-up demand for service between Hong Kong and the Pearl River Delta. This has been verified by a number of independent consultants commissioned by both Government and the private sector. There can be no doubt that given such a valuable site it should be designed to serve both domestic and cross-border needs.

Whilst everyone is aware of the Facility at Macau Ferry Terminal (MFT), it is a very limited site only suitable for one helicopter and is dedicated to the Hong Kong – Macau Shuttle Service. Whilst Government has proposed the building of a further single landing pad at MFT, this is at huge cost and will not meet the predicted expansion needs; nor will it allow for access by single engine helicopters - by far the most common type and fastest growing segment of the passenger carrying market in Hong Kong, the Mainland and the rest of the World.

Need for a Permanent Domestic Heliport

3. Since the closure of the Central Heliport in Admiralty in 2003, there is no permanent heliport for commercial services in the urban area. Helicopter operators currently operate from a temporary facility at the West Kowloon Reclamation, which will eventually have to be closed down to make way for the development of West Kowloon Cultural District. For the future development of commercial helicopter services, there is an urgent need to put in place a permanent domestic heliport.

Operators' Comments:

With the closure of the Central Heliport in 2003, no provision for relocation of this facility within the Central Business District (CBD) was made for operators from the private sector although a convenient temporary facility was provided to the GFS adjacent to the Yacht Club on the Public Cargo Working Area (PCWA) Pier. This facility is large enough to accommodate the needs of both the GFS and operators from the private sector. Indeed, having consulted with the Chairman of the District Board, had a proposal been included in Government's submission to them at the time with an endorsement of the benefits to tourism, it would most likely have been favourably considered.

Eventually in 2002, against the operators' advice, a site in West Kowloon was put up for tender by Government for the commercial operators on a temporary basis as a stopgap measure for two years. Due to its location, that site has turned out to be wholly unsuitable for the CBD traffic.

4. Since 1998, we have conducted repeated rounds of site searches to identify a suitable site for a domestic heliport which has to meet a number of stringent requirements. First, it must be centrally located, easily accessible, as well as in close proximity to the CBD, major hotels and conference facilities. The central location is to provide easy access to tourists and businessmen and support efficient and seamless air connection between CBD, Hong Kong International Airport and other parts of Hong Kong. Secondly, the site must be located at the waterfront with unobstructed flight path. This is necessary to fulfil the safety requirements imposed by the International Civil Aviation Organisation on single-engine helicopters - the helicopter type most commonly used for domestic services. Thirdly, the site must fulfil all the necessary environmental requirements such that its uses would not conflict with neighbouring land uses.

Operators' Comments

We agree in principle with the Government's views, namely that the replacement site should provide easy access to tourists and businessmen and support efficient and seamless air connection between the CBD, the Hong Kong International Airport and other parts of Hong Kong. The Sheung Wan site does not meet these criteria.

However, we disagree with the point that the focus should be solely on domestic use. It is essential from the outset that the facility also cater for fast cross-border movements from the CBD.

Both sites, however, meet the requirement for single and twin-engine operations.

The Proposed Domestic Heliport

The Site in Sheung Wan

5. After a comprehensive site-search exercise conducted on both sides of the Harbour, only one site in Sheung Wan fulfils all our requirements. The proposed site lies along the waterfront in front of the Western Park Sports Centre (WPSC). A plan showing the location and the layout of the site is at Annex.

Operators' Comments:

In June 2003, Government's paper to the Panel stated that:

"The industry has also requested the Government to allow commercial uses at the helipad planned outside the Hong Kong Convention and Exhibition Centre but we fully understand the clear views of the Legislative Council that the helipad should be confined to Government and emergency uses".

The operators from the private sector have recently learnt that reference to "clear views" was in connection with noise issues and not to the sole use of the Convention Centre heliport by GFS. We understand that Government's response at that time to LegCo's concerns, was that noise at the Convention Centre site would not become an issue due to its location well away from residential areas. Government also propose the installation of including landscaping, barrier walls, etc. as noise mitigation measures.

Despite the industry's requests, copies of the comprehensive site search study and recent various consultant studies commissioned by Government on Sheung Wan have never been shared with the operators from the private sector.

6. The site measures 7,400m². Our proposed heliport will take up initially 4,400m², leaving the rest of the area for future expansion. The heliport will have two landing/take-off pads and two parking pads, with the necessary supporting facilities such as a passenger lounge, flight operations room, back-office, underground re-fuelling facilities and car-parks. The layout of heliport is designed to take advantage of the WPSC as a natural noise barrier, thus minimizing the adverse noise impact on neighbouring land uses. We have commissioned a consultancy study on the project which has

confirmed the technical feasibility of the site and that it would fulfil all the necessary environmental, structural and traffic requirements.

7. When completed, the heliport will be able to handle up to 43,000, movements per year, or on average 118 daily movements. The capacity is roughly four times that of the existing domestic operation and will be able to meet our demand beyond 2020.

Proposed Development Mode

8. Given the commercial nature of the helicopter business and the Government's objective to encourage private sector participation in public projects, we consider that the domestic heliport project should best be funded and developed by the private sector. We therefore intend to adopt the same tendering arrangement as that for the expansion of the cross-boundary heliport located at the Macau Ferry Terminal (also endorsed by this Panel on 15 January 2004).

Operators' Comments:

Both the commercial operators have informed Government that they will not fund a heliport project. They however remain prepared to consider a tender to manage this facility.

9. In summary, the heliport will be developed and operated by the private sector under a tenancy agreement to be awarded through an open tender. The tenant will be permitted to collect charges from helicopter operators on a non-discriminatory basis. Charges permissible and guidelines for establishing and adjusting the charges will be set out in the tender documents. Detailed financial assessment will be conducted to finalise the terms of the tender.

Operators' Comments:

As with Hong Kong International Airport (HKIA), a publicly funded infrastructure project, the heliport should be fully funded by Government. Given that all forms of public transport are commercial in nature, helicopter transport should not be singled out otherwise.

Operators from the private sector propose to pay per usage charges (in keeping with HKIA practice) thereby giving Government a regular return. Further income can be expected from mainland helicopter operators. It should be pointed out that the incremental costs to Government of including the commercial operators at the Convention Centre site is wholly minimal.

Public Consultation

10. We will consult the Central & Western District Council and the Harbour Enhancement Committee at their coming meetings in January 2005.

Statutory Processes

11. Subject to the outcome of the public consultation exercise, we will conduct an Environmental Impact Assessment to ensure that the proposed development would meet all relevant statutory environmental requirements. In addition, we will submit an application to the Town Planning Board to rezone the site from "Government, Institution or Community" and "Open Space" to "Other Specified Uses (Heliport)".

Development Programme

12. Taking into account the time required for public consultation, statutory environmental impact assessment, rezoning, tendering and construction, it is expected that the permanent domestic heliport would be put into operation in early 2008. We will continue to explore whether this timetable could be further compressed to enable early completion of the permanent heliport.

Operators' Comments

A permanent heliport in the CBD is required immediately. As with the closure of Kai Tak and the opening of HKIA, the replacement heliport, currently still under consideration, should have been in operation prior to the closure of the Central Heliport.

So that the economic importance to Hong Kong of having a CBD heliport is not jeopardized, we propose as a transitional measure to share the GFS heliport at the PCWA pier until such time as the permanent facility is available at the Convention Centre. Government sound tests have demonstrated that even the noisiest and largest helicopters operated by GFS fall within acceptable noise parameters. Given that the helicopters from the private sector are generally smaller and single engine, they are considerably quieter. [refer to Annex A].

In summary the advantages of a heliport at the Convention Centre are:

- i. Resource Utilisation - shared usage maximising scarce resources*
- ii. Cost effectiveness - avoids cost of second heliport*

- iii. **Environmental Impact** - *minimises helicopter noise to a single non-sensitive area*
- iv. **Land Use** - *better utilisation of scarce harbour frontage*
- v. **Connectivity** - *ease of connection for business travellers from/to the Convention Centre node, coupled with access to major hotels and public transportation links*
- vi. **Security** - *provides a site easy to secure.*

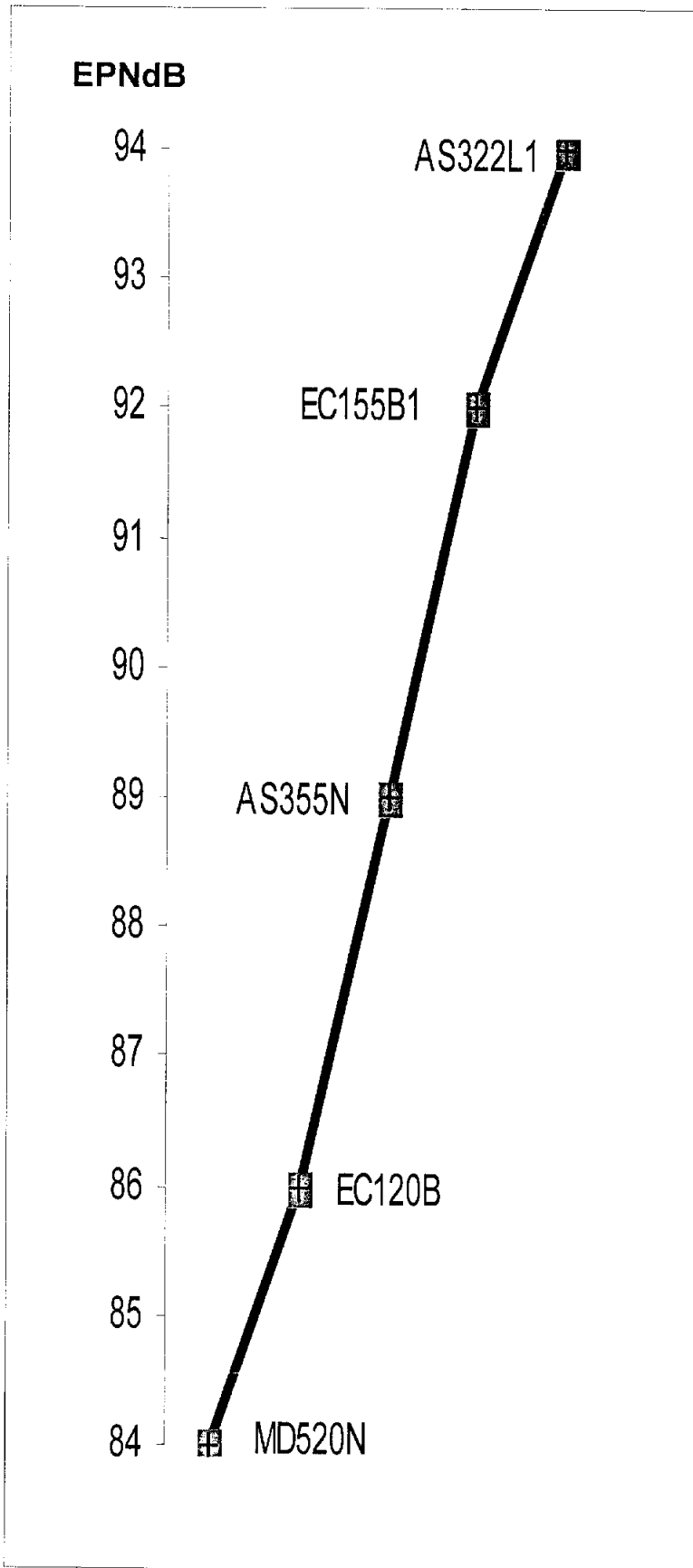
Operators' Position – Executive Summary

Helicopter operators see great potential for the development of their services by linking within 30 minutes Hong Kong's Central Business District (CBD) to anywhere in the Pearl River Delta. Such cross-border services, combined with domestic operations for local residents and the promotion of tourism, can most reasonably be provided by single-engine helicopters which are only permitted by CAD to operate from a surface level Heliport. Government's proposal deals with only a domestic heliport whereas a permanent Heliport facility must serve both domestic and regional needs.

The proposed site in Sheung Wan is inappropriate for the above requirements for several reasons. In particular, it unnecessarily utilises scarce harbour-front resources when a convenient alternative site at the Convention Centre nearby has already been zoned for use as a Heliport. This site is currently restricted for Government Flying Service (GFS) use although it is ideally suited for use by both the private sector and the GFS. Previously GFS and the commercial helicopter operators have always shared the Central Helipad and we strongly believe that this should also be the case today.

- **Clear case for shared facility at Convention Centre**
 - **Resource Utilisation** - shared usage maximising scarce resources.
 - **Cost Effectiveness** - avoids cost of second heliport.
 - **Environmental Impact** - minimises helicopter noise to a single non-sensitive area
 - **Land Use** - better utilisation of scarce harbour frontage.
 - **Connectivity** - ease of connection for business travelers from/to the Convention Centre node, coupled with access to major hotels and public transportation links.
 - **Security** - provides a site easy to secure.
 - **CBD Location** - Site must be in Central Business District on waterfront.
 - **Cross-Border** - Operations required to cater for all cross-border services.
- **Asia's World City** – No world class city is without a heliport in the CBD, which is crucial for both business and tourism.
- **Aviation Hub** – Pearl River Delta destinations, International Events, 2008 Olympics, Conventions, Disneyland, Hong Kong International and regional Airports.
- **Surface Level** - Permanent heliport facility must be at surface level to accommodate both single and twin-engine helicopters. Elevated sites preclude single-engine operation.
- **Government Funded** - Similar to Airports, a Heliport must be built and paid for by Government, not by commercial operators.

Average Noise Generated by Helicopters



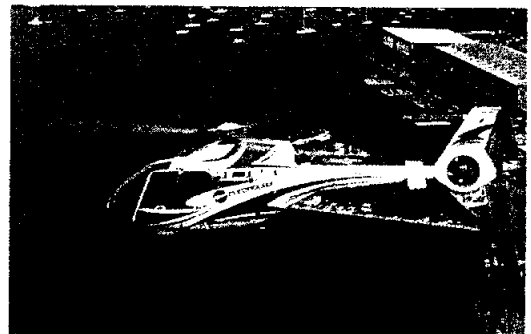
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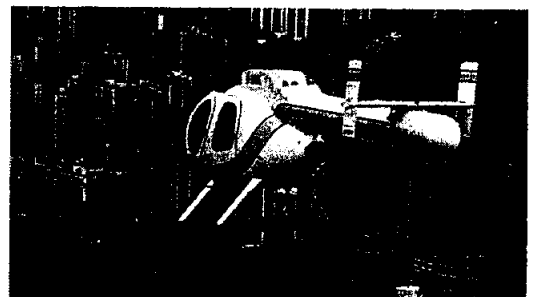
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**Information provided by helicopter manufacturers*