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Panel on Economic Development
Meeting on 28 May 2018

**Updated background brief on the development of
the three-runway system at the Hong Kong International Airport**

Purpose

This paper provides a brief account of the discussion on the development of the three-runway system ("3RS") at the Hong Kong International Airport ("HKIA") by Members of the Legislative Council ("LegCo").

Background

2. In March 2012, the Government approved in principle that the option of expanding into a 3RS be adopted as the future development option for HKIA for planning purpose. The Airport Authority Hong Kong ("AAHK") was asked to proceed with the related planning work, which includes specifically the statutory environmental impact assessment ("EIA"), the associated design details, and the financial arrangement of the project. The Executive Council affirmed the need for the 3RS project at HKIA on 17 March 2015. Thereafter, AAHK has been actively taking forward the project, including carrying out detailed design, planning of reclamation works, and implementation of financial arrangement plan and a series of environmental mitigation measures committed in the EIA report and in compliance with the conditions of the environmental permit.

3. The 3RS construction works commenced in August 2016. According to AAHK, the construction works will take around eight years to complete. The commissioning of the third runway is scheduled for end

2022, after which the existing North Runway will be closed for reconfiguration. The full commissioning of 3RS is targeted in end 2024.

4. Based on AAHK's latest estimates, the 3RS project is expected to cost around \$141.5 billion in money-of-the-day prices. AAHK will fund the project through retaining AAHK's operating surplus (\$47 billion); levying an Airport Construction Fee (\$26 billion); and borrowing/raising funds from the market (\$69 billion). In September 2017, AAHK released the report on the detailed funding study for the 3RS project submitted by The Hongkong and Shanghai Banking Corporation Limited, AAHK's financial adviser. The detailed funding plan has been uploaded onto the website of AAHK.¹

Previous discussions

The 3RS project

5. In view of the wide public concern about 3RS and as the issues involved various policy areas, the House Committee ("HC") of the Fifth LegCo and the Sixth LegCo respectively formed a subcommittee to study issues relating to 3RS at HKIA. The two Subcommittees completed their work and submitted a report to HC on 17 June 2016 (LC Paper No. CB(4)1123/15-16) and 10 November 2017 (LC Paper No. CB(4)205/17-18) respectively.

6. To continue monitoring the progress of the 3RS project, the Subcommittee formed under HC of the Sixth LegCo recommended that issues relating to the 3RS project should continue to be followed up by relevant Panels of LegCo. The Administration/AAHK should provide the progress update of the 3RS project to the Panel on Economic Development ("the Panel") on a half-yearly basis.

7. On 23 April 2018, the Administration briefed the Panel on the latest major developments of the 3RS project in respect of construction, labour supply, construction safety, environmental-related issues and financial arrangement plan. Hyperlinks to the relevant papers are provided in the **Appendix**.

8. The Administration has also advised that apart from the 3RS works, there are a number of new government facilities required for the operation of 3RS. These include a new air traffic control tower, fire stations, a police

¹ <https://www.threerunwaysystem.com/media/1754/3rs-detailed-funding-plan-report.pdf>

station, a weather monitoring system, additional immigration, customs and quarantines and port health facilities, etc.. The Airport Expansion Project Coordination Office ("AEPCO") under the Transport Branch of the Transport and Housing Bureau has been playing an important role in co-ordinating input from relevant government bureaux/departments in planning and developing schematic design of these government facilities for seeking resources for the provision of the facilities in a timely manner to support the commissioning/operation of 3RS. Apart from the facilities mentioned above, various government departments will need additional staffing resources at different stages to provide input and advice to AAHK as it takes forward the 3RS project, to plan for the associated facilities, and to provide the necessary public services to tie in with the operation of the 3RS.

Relevant staffing proposal

9. In order to assist the work of AAHK and coordinate efforts of all relevant parties in taking forward the 3RS project, the Administration obtained the approval of the Finance Committee ("FC") on 25 May 2012 to establish a dedicated and time-limited AEPCO with the creation of three supernumerary directorate posts, i.e. one Principal Government Engineer (D3), one Administrative Officer Staff Grade C (D2) and one Chief Engineer (D1), for two years and nine months from July 2012 up to 31 March 2015. With FC's approval on 18 December 2015, the three supernumerary directorate posts were re-created up to 31 March 2018.

10. On 27 November 2017, the Administration consulted the Panel on the proposed retention of the above three supernumerary directorate posts for seven years from 1 April 2018 to 31 March 2025. The Panel was generally supportive of the proposal, although some members expressed concern about the duration of and the need to retain all the three posts. In response to Panel members' request, the Administration provided further information on its monitoring mechanism to ensure that the delivery of the 3RS project would be within the expected time and budget (LC Paper No. CB(4)528/17-18(01)).

11. However, when the relevant staffing proposal was submitted to the Establishment Subcommittee ("ESC") for consideration at its meeting held on 5 February 2018, the proposal was negated. During the discussion, Subcommittee members requested the Administration to give an account of the composition and discussion items of the Steering Committee on Three-Runway System and North Commercial District², the major

² The Steering Committee on Three-Runway System and North Commercial District chaired by the Financial Secretary was established in 2014 to oversee the implementation of the 3RS project and North Commercial District at a broad, strategic level. It comprises representatives of the senior management of the relevant bureaux and AAHK.

recommendations of the funding plan for the 3RS project, and the expected time of announcement of the HKIA Master Plan 2035. The Administration's response was issued to members vide LC Paper No. ESC94/17-18(01) on 15 March 2018.

12. In April 2018, the Administration submitted a new staffing proposal to ESC for the creation of the above three supernumerary directorate posts in AEPCO for about seven years up to 31 March 2025 with immediate effect upon approval of FC. The item is still under deliberation.

Council questions

13. At the Council meetings on 4 February, 15 and 22 April 2015, and 7 December 2016, questions relating to the development and funding proposal of 3RS were raised by Members. Hyperlinks to the relevant written replies from the Administration are provided in the **Appendix**.

Latest development

14. At the Panel meeting on 28 May 2018, the Administration will –
- (a) consult the Panel on the resources proposals relating to the Government facilities and equipment of the Civil Aviation Department ("CAD"), the Hong Kong Observatory and the Fire Services Department to support 3RS at HKIA; and
 - (b) seek the Panel's support for creating two directorate posts in CAD in support of the 3RS project at HKIA.

Relevant papers

15. A list of relevant papers which are available on the LegCo Website (<http://www.legco.gov.hk>) is in the **Appendix**.

List of relevant papers

Issued by	Meeting date/ Issue date	Paper
House Committee	17 June 2016 (Item VI (g))	Report of the Subcommittee to Follow Up Issues Relating to the Three-runway System at the Hong Kong International Airport
	17 November 2017 (Item V (b))	Report of the Subcommittee to Follow Up Issues Relating to the Three-runway System at the Hong Kong International Airport
Panel on Economic Development	27 November 2017 (Item IV)	Administration's paper Administration's follow-up paper Minutes
	23 April 2018 (Item IV)	Administration's paper Background brief
Establishment Subcommittee	5 February 2018 (Item No. EC(2017-18)17)	Administration's paper Administration's follow-up paper Minutes (Chinese version)
	9 April 2018 (Item No. EC(2017-2018)24)	Administration's paper
Council Meeting	4 February 2015	Council question on "Expansion of the Hong Kong International Airport into a three-runway system" raised by Hon Gary FAN

Issued by	Meeting date/ Issue date	Paper
	15 April 2015	<u>Council question on "Expansion of the Hong Kong International Airport into a three-runway system" raised by Dr Hon KWOK Ka-ki</u>
	22 April 2015	<u>Council question on "Funding proposal for the project to expand the Hong Kong International Airport into a three-runway system" raised by Hon Mrs Regina IP</u>
	7 December 2016	<u>Council question on "The project to expand the Hong Kong International Airport into a three-runway system" raised by Hon CHU Hoi-dick</u>