

LEGISLATIVE COUNCIL BRIEF

PROPOSED AMENDMENTS TO THE SCHEME OF AIRPORT CHARGES MADE BY THE AIRPORT AUTHORITY HONG KONG

INTRODUCTION

A At the meeting of the Executive Council on 7 June 2016, the Council ADVISED and the Acting Chief Executive ORDERED that the revised Scheme of Airport Charges (the revised Scheme) proposed by the Airport Authority Hong Kong (AA) at **Annex A**¹ should be approved in accordance with section 34 of the Airport Authority Ordinance (the Ordinance) (Cap 483) to increase the landing and parking charges at the Hong Kong International Airport (HKIA).

JUSTIFICATIONS

The AA regularly reviews the Scheme of Airport Charges

2. The AA is obliged under the Ordinance to operate the HKIA according to prudent commercial principles. The AA regularly reviews its Scheme of Airport Charges (which includes landing charge, parking charge, airbridge charge and terminal building charge payable by airlines).

3. The landing and parking charges under the Scheme of Airport Charges were last adjusted downward in 2000. The reduction was introduced to enhance the competitiveness of the HKIA after the economic downturn in late 1997. The AA proposes to roughly restore the landing and parking charges to the pre-2000 level in the revised Scheme. The airbridge charge and terminal building charge will remain unchanged in the revised Scheme. The proposed increase in landing and parking charges will increase the proportion of aeronautical revenue of the AA. Maintaining a healthy balance between aeronautical² and non-aeronautical revenue is in the overall financial interest of

¹ The changes to the existing Scheme are underlined in Annex A (pages 1, 3, 5, 6, 7, 9 and 11)

² Aeronautical revenue consists of what is generally referred to as “Airport Charges” and Passenger Security Charge. All other revenue categories are considered as non-aeronautical revenues. In 2014-15, the ratio between AA’s aeronautical revenue and non-aeronautical revenue is about 33%: 67%.

the AA in the long-term. Furthermore, the additional revenue to be generated by the revised draft Scheme will also contribute to the financing of the three-runway system (3RS) project at HKIA.

B 4. A comparison of the landing and parking charges under the existing Scheme and that under the revised Scheme is at **Annex B**.

Financing the three-runway system project at the HKIA

5. According to the AA, the revised Scheme will generate additional revenue of about \$3 billion (before tax and operating expenditure (opex)) over a period of five years between financial years 2016-17 and 2020-21. This additional revenue will form part of the financial arrangements of the 3RS project at the HKIA. According to the financial arrangements of the 3RS project, the airport charges would be further increased in subsequent years in line with inflation. At its meeting held on 29 September 2015, the Chief Executive in Council took note of AA's proposal that under the "joint contribution" principle, users of HKIA including passengers, airlines and operators at the HKIA should contribute to the 3RS project cost. For airlines, the airport charges would be increased in financial year 2016-17 so as to bring the charges back to the level in 2000. The charges would then be increased in subsequent years in line with inflation. However, it should be noted that revisions to the Scheme of Airport Charges does not necessarily have to be linked to a particular project.

Consultation with the airline industry

6. The revised Scheme proposed by the AA has taken into consideration the views of the International Air Transport Association (IATA) (which represents some 260 airlines or 83% of the world's air traffic), the Board of Airline Representatives Hong Kong (BAR) (which represents most of the airlines operating in Hong Kong) and the Hong Kong Business Aviation Centre Limited (BAC) (which is the operator of the business aviation facility at HKIA). The proposed increase in parking charge will be implemented in one go, while the proposed increase in landing charge will be spread over three consecutive years beginning from 1 September 2016. The airbridge charge and terminal building charge will remain unchanged in the revised Scheme.

7. According to a survey conducted by the International Civil Aviation Organisation, airport charges represent roughly an average of 4% of global airlines operating costs³. Given this relatively small proportion, the

³ 1978 – 2011 average

revised Scheme proposed by the AA is expected to have immaterial impact on operation of airlines.

Competitiveness of the HKIA

8. The impact of the revised Scheme proposed by the AA on the competitiveness of HKIA's level of charges is expected to be modest. The AA commissioned Leigh Fisher Management Consultants⁴ in 2015 to conduct a global benchmarking study⁵ to assess the competitiveness of HKIA's aeronautical charges. 56 airports in the world were selected for the analysis. According to the study, in terms of "total aggregated charges"⁶ (excluding government taxes), the HKIA currently ranked the 55th out of the 56 airports benchmarked (the higher the ranking the more competitive the level of charges is), which reflects that HKIA's level of charges is highly competitive.

9. With the proposed increase in landing and parking charges, the ranking of the HKIA in terms of "total aggregated charges" in the same benchmarking exercise is only expected to drop from 55th to 53rd. If we also take into account the to-be-introduced Airport Construction Fee (ACF)⁷ (where the majority of passengers will pay \$90 per trip), the ranking of the HKIA would be revised to 42nd overall, which is still more competitive than many international airports including London Heathrow, Paris Charles de Gaulle, C Tokyo Narita and Seoul Incheon. Please see **Annex C** for details. It is also worth noting that the overall competitiveness of the HKIA is influenced by a myriad of factors, including its network and connectivity, passenger service and operational efficiency.

10. The above notwithstanding, the additional revenue to be generated by the proposed increase in landing and parking charges will enable the AA to be financially better poised to invest in development and upgrading projects. For example, the AA completed the construction of the Midfield Concourse and its ancillary facilities in end 2015, enhancing HKIA's passenger handling capacity by an additional 10 million passengers per year. The AA will take forward the

⁴ Leigh Fisher is a United Kingdom-based global management consulting firm founded in 1946. Its annual publication "Review of Airport Charges" is widely quoted and referenced in literatures and studies on related topics worldwide.

⁵ Based on the aggregate charges for four major aircraft types (i.e. Airbus A320, Boeing 767-300, Boeing 777-300ER and Airbus 330-300) commonly used for international services and are representative across a spectrum of large, medium and small sized aircraft

⁶ "Total aggregated charges" refers to all charges that are borne by airlines and passengers at an airport excluding government taxes. In the case of HKIA, the charges comprise Airport Charges and Passenger Security charge.

⁷ At its meeting on 29 September 2015, the Chief Executive in Council took note of AA's revised financial arrangement proposal (including the to-be-introduced ACF) for the 3RS project.

development of the remaining Midfield to be completed in phases between 2017 and 2020, enhancement works of Terminal 1, and development of the Intermodal Transfer Terminal. These new investment projects will help enhance the overall competitiveness of the HKIA.

Authority of approval

11. Section 34(1) of the Ordinance provides that the AA may, in accordance with the section, make a scheme or schemes for determining airport charges.

12. Section 34(3) provides that before making such a scheme, the AA shall submit, through the Director-General of Civil Aviation (DGCA), to the Chief Executive in Council for approval a draft of the proposed scheme together with a statement specifying the effective date of the airport charges and the reasons for making the proposed scheme. Sections 34(3)(e)(ii) and (iii) provide that the Chief Executive in Council shall approve the proposed scheme unless the Chief Executive in Council, having regard either to an observation of DGCA or such advice as Chief Executive in Council considers appropriate, believes implementation of the proposed scheme would, or would be likely to, result in a breach of an international obligation relating to civil aviation or hindrance of the implementation of such an obligation.

13. Section 34(6)(a) provides that DGCA shall cause an approved scheme to be published as soon as practicable in the Gazette.

D 14. Section 34 of the Ordinance is extracted at **Annex D**.

Submission of the revised Scheme by the AA

E 15. On 25 April 2016, the AA submitted to DGCA a draft of the revised Scheme (copy at **Annex A**) together with a statement (copy at **Annex E**) specifying the effective date of the revised Scheme, and the reasons for making the proposed revisions in accordance with the requirement under Section 34(3) of the Ordinance.

Director-General of Civil Aviation’s Observations

16. In accordance with section 34(3)(c) of the Ordinance, DGCA observes that implementation of the revised Scheme would not, or would unlikely, result in a breach or hindrance of the implementation of the

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international obligations relating to civil aviation currently applicable to Hong Kong (a summary of the relevant international obligations at **Annex F**).

Implementation timetable

17. Section 34(6)(b) of the Ordinance provides that a scheme shall come into force not earlier than the expiration of a period of 60 days from its publication in the Gazette. The revised Scheme will be published in the Gazette on 17 June 2016, and come into force on 1 September 2016.

IMPLICATIONS OF THE PROPOSAL

18. The proposal has no civil service, competition, environmental, family and gender implications. The proposal is in conformity with the Basic Law, including the provisions concerning human rights.

19. Regarding economic implications, as mentioned in paragraph 7 above, airport charges only constitute a relatively small proportion of an airline's total operating costs. Therefore, the impact on airlines and passengers is expected to be immaterial.

20. Regarding financial implications, as mentioned in paragraph 5 above, the proposed increase in the landing and parking charges is estimated to generate to the AA additional revenue (before tax and opex) of about \$3 billion between financial years 2016-17 and 2020-21. According to the AA, estimation of the additional revenue is based on numerous assumptions, including the projected air traffic movements, passenger throughput and corresponding aircraft mix between financial years 2016-17 and 2020-21⁸.

21. Regarding sustainability implications, the proposed increase in landing and parking charges may have some negative impact on the competitiveness of the HKIA in terms of its level of airport charges. That said, the competitiveness of the HKIA is influenced by a myriad of factors, including its network and connectivity, passenger service and operational efficiency. Overall speaking, implementing the proposed increase in landing and parking charges would help ensure AA's financial capacity to take forward the 3RS project, which is vital to maintaining and strengthening the economic competitiveness of Hong Kong.

⁸ According to AA's five-year business plan between financial years 2016-17 and 2020-21, HKIA is expected to reach its practical maximum capacity of 420 000 movements in 2016-17. Passenger traffic at HKIA is expected to reach around 75.7 million and cargo throughput 5.1 million tonnes per annum by the end of 2020-21. This translates into a compound annual growth rate of 1.7% for passenger, 3% for cargo and 0.5% for air traffic movement from 2015-16 to 2020-21.

PUBLIC CONSULTATION

22. The AA has consulted the IATA, the BAR and the BAC. All these organisations did not raise objection to the revised Scheme proposed by the AA.

23. The AA briefed the Aviation Development and Three-runway System Advisory Committee⁹ on the proposed increase in landing and parking charges on 4 February 2016. Members noted that the proposal would not have significant impact on the competitiveness of the HKIA, which is influenced by a myriad of factors, including connectivity, passenger service and operational efficiency.

PUBLICITY

24. The revised Scheme will be published in the Gazette on 17 June 2016 and come into force on 1 September 2016. We will issue a press release on 14 June 2016. AA's spokesman will stand ready to answer enquiries.

BACKGROUND

25. The Scheme of Airport Charges at the HKIA was first approved by the Chief Executive in Council in 1998.

26. Amendments were made to the Scheme over the years, including the reduction of landing and parking charges by 15% and introduction of landing and parking charges for helicopters in 2000; introduction of the New Destination Incentive Arrangement (NDIA)¹⁰ in 2001; reactivation of the NDIA in 2004; reduction of terminal building charge in 2005; introduction of airbridge charge and reactivation of the NDIA in 2007; extension of the NDIA in 2009, 2010 and 2011; extension of the NDIA and alignment of parking charges for business aviation aircraft in 2012; and extension of the NDIA and increase in parking charges for Business Aviation Designated Apron Area in 2013.

⁹ Chaired by the Secretary for Transport and Housing and comprising members who are leaders and experts in relevant sectors such as aviation, engineering and architecture, business and finance, environmental protection and academic, the Aviation Development and Three-runway System Advisory Committee advises the Government on broad policy matters concerning Hong Kong's civil aviation and developments at HKIA, as well as issues concerning the implementation of the 3RS at HKIA.

¹⁰ The objective of the NDIA was to encourage airlines to introduce services between Hong Kong and new destinations.

ENQUIRIES

27. Any enquiry on this brief should be directed to Ms Candy Nip, Principal Assistant Secretary (Transport) (telephone number: 3509 8194).

Transport and Housing Bureau
14 June 2016

AIRPORT AUTHORITY HONG KONG
SCHEME OF AIRPORT CHARGES

1. ENTRY INTO FORCE

This Scheme of Airport Charges shall come into force on 1 September 2016 and shall supersede all schemes which are in force before the said date (save as provided otherwise).

2. DEFINITIONS

Except where specifically defined in this Scheme of Airport Charges ('Scheme'), words and expressions in this Scheme shall have the same meanings as those defined in the Airport Authority Ordinance (Cap. 483) ('Ordinance').

In this Scheme:-

'Aircraft' means any fixed winged or rotary winged aircraft and includes Helicopter.

'Airbridge Charge' means the charge levied by the Authority in accordance with paragraph 9.

'Airport Charges' has the same meaning as defined in the Ordinance and for the avoidance of doubt includes the Landing Charge, Parking Charge, Airbridge Charge and Terminal Building Charge specified in this Scheme.

'Airport Lightning Warning' means the amber or red airport lightning warning signals as described under the Airport Lightning Warning System set out in Section 12 of Part E of the Airport Operations Manual – Airfield Operations of the Authority, as may be amended from time to time, or such similar warning signal or signals as may be described under such other system as may be adopted by the Authority from time to time.

'Business Aviation' means any use of Aircraft by any company, corporation, government, or other persons for the transportation, for their own exclusive purpose, of individuals, officials, associates, and guests but does not include any flight training, leisure flying, scheduled services, programmed chartered services, and ad-hoc chartered services where the transportation is paid directly by the Passengers other than the charterer.

'Business Aviation Designated Apron Area' means the area or areas in the Airport Area designated by the Authority for use by Aircraft engaged in Business Aviation and with a wing span not exceeding 36 metres in the case of a fixed winged Aircraft or a rotor diameter not exceeding 18 metres in the case of a rotary winged Aircraft.

'Code C Aircraft' means an Aircraft with dimensions meeting the specifications in the Aerodrome Reference Code table in Annex 14, Volume I, to the

Convention on International Civil Aviation, as may be amended from time to time.

'Freighter' means an Aircraft which carries cargo (including mail) only and shall include a passenger aircraft used to carry cargo (including mail) only.

'Ground Handling Services' means the services for or in connection with the handling of Passengers, baggage, cargo, or mail performed at the Airport Area.

'Helicopter' means a heavier-than-air aircraft supported in flight by the reaction of the air on one or more normally power-driven rotors on substantially vertical axes.

'Hong Kong Dollars' and 'HK\$' means the lawful currency of Hong Kong.

'Landing' means the landing of an Aircraft at the Airport Area and includes the use by the Aircraft of helipads, runways, and taxiways or any other facilities at the Airport Area for landing.

'Landing Charge' means the charge levied by the Authority for a Landing in accordance with paragraphs 4 and 5.

'MTOW' means, in relation to any Aircraft, the greatest of the maximum take-off weights (expressed in tonnes) set out in the flight manual (current at the material time) for the Aircraft concerned or, if this information has not been provided to the Authority, the highest known maximum take-off weight (expressed in tonnes) for the aircraft type.

'Operator' means any person or body of persons, corporate or unincorporate, which for the time being has the management or control of an Aircraft arriving at, parking in, or departing from the Airport Area.

'Other Areas' means the Airport Area other than the Business Aviation Designated Apron Area.

'Parking' means the parking of an Aircraft at a Parking Stand. The use of a Parking Stand for the purpose of this paragraph is deemed to commence from the time of chocks on to the time of chocks off at that Parking Stand and in case the Aircraft is moved from one Parking Stand to another Parking Stand, unless agreed between the Authority and the Operator, the use of the second Parking Stand is deemed to commence from the time of chocks off at the first Parking Stand.

'Parking Charge' means the charge levied by the Authority for each Parking of an Aircraft in accordance with paragraph 6, 7, or 8 and for the avoidance of doubt includes the charge for the use of the services provided by the Authority to the Operator relating to the use of the Parking Stand for Parking of the Aircraft but excludes the Airbridge Charge and the charges for services provided by ground handlers and other third parties relating to the use of the Parking Stand.

'Parking Stand' includes a helipad, an aircraft parking stand or any other area used for the parking of an Aircraft at the Airport Area.

'Parking Unit' means a parking unit to be calculated as specified in paragraph 6.4, 7.4, 8.4 or 9.2.

'Parking Unit Rate' means the rate for each Parking Unit for the Parking of an Aircraft as specified in paragraph 6.3, 7.3, or 8.3.

'Passenger' means any person carried on an Aircraft other than a member of the flight crew or cabin staff operating the flight of the Aircraft.

'Plan' means the plan to be provided to the Authority by an Operator in accordance with paragraph 3.5(1) which shall include the following information relating to the Operator:-

- (1) details of the proposed flight schedules including arrival and departure times, flight numbers, destination, and details of all Aircraft types; and
- (2) details of the Operator's Aircraft to be operated on the flight schedules (including their identification, MTOW, cargo capacity, seating configuration and, in case of Aircraft engaged in Business Aviation, measurement of wing span or rotor diameter).

'TBC' means the Terminal Building Charge levied by the Authority for the use of the passenger terminal buildings and related facilities and services therein provided directly by the Authority in connection with the facilitation of Passengers and crews including their baggage in accordance with paragraph 11.

'Technical Stop' means the landing of an Aircraft for the sole purpose of changing crew or refuelling, or solely for technical reasons (inclusive of aircraft maintenance, but for the avoidance of doubt excluding the taking on or discharging of Passengers, cargo, baggage, or mail).

'Test Flight' means a flight made solely for the purpose of determining whether an Aircraft is airworthy following inspection, overhaul, repair, or modification of the Aircraft or the overhaul, repair, modification, or replacement of any of its equipment.

'Transit Passengers' means Passengers arriving and departing on the same Aircraft under the same flight number without passing through arrival immigration controls at the Airport Area.

'Tropical Cyclone Warning' means the warning signals as declared by the Hong Kong Observatory.

3. GENERAL CONDITIONS

- 3.1 Each Operator shall be responsible for the Airport Charges in respect of its Aircraft at the Airport Area.

- 3.2 The Operator shall pay to the Authority, or through the Authority's collection agent as printed on the invoice, in strict accordance with the Authority's demand for payment, all Airport Charges. Unless otherwise specified in the Authority's demand, such payment shall be made no later than 14 days from the date of such demand.
- 3.3 Without prejudice to any other rights or remedies to which the Authority may be entitled, if the Operator fails to pay any Airport Charges within the time limit specified in paragraph 3.2 to the Authority, the amount for the time being outstanding shall (as well after as before judgement) bear interest (immediately due and payable by the Operator in the same manner as the overdue payment) as from the expiry of the applicable time period and until actual payment to the Authority (such interest being compounded by adding accrued interest to principal every month) at the rate of 3% above the best lending rate for the time being for Hong Kong Dollars published in Hong Kong by The Hongkong and Shanghai Banking Corporation Limited.
- 3.4 All Airport Charges are expressed in Hong Kong Dollars.
- 3.5 The Operator or its appointed handling agent shall provide to the Authority upon request from the Authority:-
- (1)
 - (a) for Aircraft other than Helicopters to be parked at the Other Areas, a Plan for each flight scheduling season no later than 90 days, or such other period as may be specified by the Authority, prior to the commencement of the flight scheduling season;
 - (b) for Helicopters to be parked at the Other Areas, a Plan no later than 24 hours, or such other period as may be specified by the Authority, prior to the proposed date of arrival of a Helicopter at the Airport Area; and
 - (c) for Aircraft (including Helicopters) to be parked at the Business Aviation Designated Apron Area, a Plan no later than 7 days, or such other period as may be specified by the Authority, prior to the proposed date of arrival of the Aircraft at the Airport Area.
 - (2) information in such form as the Authority may determine from time to time relating to the movements of its Aircraft, including but not limited to information relating to the number of Passengers, Transit Passengers and crew; and
 - (3) as soon as practicable such information as the Authority may reasonably require to verify or substantiate the accuracy or completeness of information received from the Operator for billing purpose, including without limitation for each Aircraft its flight manual (current at the material time) and certificate of airworthiness (current at the material time), provided that the Operator is informed of such a requirement within 60 days of the use giving rise to the Airport Charges in question.

- 3.6 (1) No reduction of or exemption from any Airport Charges for an Aircraft shall be allowed:-
- (a) by reason of the unavailability of any airport services, assistance, or other facilities; or
 - (b) when an Aircraft is diverted or obliged to land in exceptional circumstances, for example by reason of bad weather or traffic congestion.
- (2) No exemption from or rebates of any Airport Charges shall be allowed other than those which are specifically provided for under the provisions of the Ordinance or this Scheme.

3.7 The Authority may, in exceptional circumstances, decide on the amount of Airport Charges not exceeding such amounts as are specified in this Scheme or such amounts as are ascertained by reference to such scales that are specified in this Scheme, provided that:-

- (1) such Airport Charges are of application for a limited period of time as the Board of the Authority may decide;
- (2) the implementation of such Airport Charges would not, or would not be likely to, result in a breach of an international obligation relating to civil aviation applicable to Hong Kong or hindrance of the implementation of such an obligation; and
- (3) such Airport Charges are approved by the Board of the Authority.

4. LANDING CHARGE FOR THE LANDING OF AN AIRCRAFT OTHER THAN A HELICOPTER

4.1 Subject to paragraph 10.1, a Landing Charge to be calculated in accordance with paragraphs 4.2 and 4.3 shall be charged for each Landing of an Aircraft other than a Helicopter.

4.2 Subject to paragraphs 4.3, the Landing Charge for each Landing shall be calculated as follows:-

- (1) For period from 1 September 2016 and including 31 August 2017,
 - (a) where the MTOW of the Aircraft is 20 tonnes or less, a sum of HK\$2,800;
or
 - (b) where the MTOW of the Aircraft exceeds 20 tonnes, a sum being the aggregate total of HK\$2,800 plus \$67 for each tonne in excess of 20 tonnes.
- (2) For period from 1 September 2017 and including 31 August 2018,
 - (a) where the MTOW of the Aircraft is 20 tonnes or less, a sum of HK\$3,000;
or

- (b) where the MTOW of the Aircraft exceeds 20 tonnes, a sum being the aggregate total of HK\$3,000 plus \$72 for each tonne in excess of 20 tonnes.
- (3) From 1 September 2018 onwards,
 - (a) where the MTOW of the Aircraft is 20 tonnes or less, a sum of HK\$3,150;
or
 - (b) where the MTOW of the Aircraft exceeds 20 tonnes, a sum being the aggregate total of HK\$3,150 plus \$74 for each tonne in excess of 20 tonnes.

For the purpose of determining the number of tonnes, if it is 0.5 tonne or above but less than 1 tonne, the number of tonnes shall be rounded up to the nearest tonne and if it is less than 0.5 tonne, it shall be rounded down to the nearest tonne.

- 4.3 An Aircraft (other than a Helicopter) carrying out a Test Flight with the prior written approval of the Authority shall be charged a Landing Charge at 50% of the rates stipulated in paragraph 4.2.

5. LANDING CHARGE FOR THE LANDING OF A HELICOPTER

- 5.1 Subject to paragraph 10.1, a Landing Charge to be calculated in accordance with paragraphs 5.2 and 5.3 shall be charged for each Landing of a Helicopter.

- 5.2 Subject to paragraph 5.3, the Landing Charge for each Landing shall be calculated as follows:-

- (1) where the MTOW of the Helicopter is 3 tonnes or less, a sum of HK\$331.5;
- (2) where the MTOW of the Helicopter exceeds 3 tonnes but is 20 tonnes or less, a sum being the aggregate total of HK\$331.5 plus HK\$110.5 for each tonne in excess of 3 tonnes; or
- (3) where the MTOW of the Helicopter exceeds 20 tonnes, a sum being the aggregate total of HK\$2,210 plus HK\$63 for each tonne in excess of 20 tonnes.

For the purpose of determining the number of tonnes, if it is 0.5 tonne or above but less than 1 tonne, the number of tonnes shall be rounded up to the nearest tonne and if it is less than 0.5 tonne, it shall be rounded down to the nearest tonne.

- 5.3 A Helicopter carrying out a Test Flight with the prior written approval of the Authority shall be charged a Landing Charge at 50% of the rates stipulated in paragraph 5.2.

6. PARKING CHARGE FOR THE PARKING OF AN AIRCRAFT OTHER THAN A HELICOPTER IN OTHER AREAS

6.1 Subject to paragraphs 8.7 and 10.2, a Parking Charge to be calculated in accordance with paragraphs 6.2, 6.3, 6.4, 6.5 and 6.6 shall be charged for the Parking of an Aircraft other than a Helicopter in the Other Areas.

6.2 Subject to paragraphs 6.5 and 6.6, the Parking Charge for each Parking of an Aircraft other than a Helicopter in the Other Areas shall be calculated by the applicable Parking Unit Rate times the number of applicable Parking Units for which the Aircraft has parked at the Parking Stand.

6.3 The rate for each Parking Unit for the Parking of an Aircraft other than a Helicopter at the following Parking Stands in the Other Areas shall be:-

<i>Parking Stand</i>	<i>Rate per Parking Unit HK\$</i>
(1) Terminal building frontal parking stands	<u>183</u>
(2) Terminal building frontal parking stands for Code C Aircraft	<u>165</u>
(3) Remote parking stands	<u>147</u>
(4) Cargo apron parking stands	<u>117</u>
(5) Direct taxi-in/taxi-out parking stands for Code C Aircraft	<u>117</u>
(6) Maintenance apron parking stands	<u>94</u>
(7) Other parking areas	<u>94</u>

6.4 A Parking Unit for Parking at a Parking Stand in the Other Areas is each period of 15 minutes.

6.5 Any Parking at a Parking Stand in the Other Areas for less than a Parking Unit shall be charged for the entire Parking Unit.

6.6 For Parking at all types of Parking Stands in the Other Areas between midnight and 07:00 (or any part thereof), an Aircraft other than a Helicopter shall be charged a Parking Charge equal to:-

(1) in the case where no Ground Handling Services are required at any time during the entirety of that period, the lower of:-

(a) the Parking Charge calculated in accordance with paragraph 6.2; and

- (b) the Parking Charge for 3 hours at a maintenance apron parking stand; and
- (2) in any other cases, the lower of:-
 - (a) the Parking Charge calculated in accordance with paragraph 6.2; and
 - (b) the total of:-
 - (i) the Parking Charge for 3 hours at a maintenance apron parking stand; plus
 - (ii) the Parking Charge calculated in accordance with paragraph 6.2 for the period in which any Ground Handling Services are required.

7. PARKING CHARGE FOR THE PARKING OF A HELICOPTER IN OTHER AREAS

- 7.1 Subject to paragraphs 8.7 and 10.2, a Parking Charge to be calculated in accordance with paragraphs 7.2, 7.3, 7.4, 7.5 and 7.6 shall be charged for the Parking of a Helicopter in the Other Areas.
- 7.2 Subject to paragraphs 7.5 and 7.6, the Parking Charge for each Parking of a Helicopter at a Parking Stand in the Other Areas shall be calculated by the applicable Parking Unit Rate times the number of applicable Parking Units for which the Helicopter has parked at the Parking Stand.
- 7.3 The rate for each Parking Unit for the Parking of a Helicopter at any Parking Stand in the Other Areas shall be HK\$40 per Parking Unit.
- 7.4 A Parking Unit for Parking at a Parking Stand in the Other Areas shall be each period of 15 minutes.
- 7.5 Any Parking at a Parking Stand for less than a Parking Unit shall be charged for the entire Parking Unit.
- 7.6 For Parking at all types of Parking Stands in the Other Areas between midnight and 07:00 (or any part thereof), a Helicopter shall be charged a Parking Charge equal to:-
 - (1) in the case where no Ground Handling Services are required at any time during the entirety of that period, the lower of:-
 - (a) the Parking Charge calculated in accordance with paragraph 7.2; and
 - (b) the Parking Charge for 3 hours; and
 - (2) in any other cases, the lower of:-
 - (a) the Parking Charge calculated in accordance with paragraph 7.2; and

(b) the total of:-

(i) the Parking Charge for 3 hours, plus

(ii) the Parking Charge calculated in accordance with paragraph 7.2 for the period in which any Ground Handling Services are required.

8. PARKING CHARGE FOR THE PARKING OF AN AIRCRAFT (INCLUDING HELICOPTER) AT THE BUSINESS AVIATION DESIGNATED APRON AREA

8.1 Subject to paragraph 10.2, a Parking Charge to be calculated in accordance with paragraphs 8.2, 8.3, 8.4, 8.5, and 8.6 shall be charged for the Parking of an Aircraft at the Business Aviation Designated Apron Area.

8.2 Subject to paragraph 8.5, the Parking Charge for each Parking of an Aircraft at the Business Aviation Designated Apron Area shall be calculated by the applicable Parking Unit Rate times the number of applicable Parking Units for which the Aircraft has parked at the Parking Stand.

8.3 Subject to paragraph 8.6, the rate for each Parking Unit for the Parking of an Aircraft at the Parking Stands in the Business Aviation Designated Apron Area shall be:-

<i>Aircraft Size</i>		<i>Rate per Parking Unit HK\$</i>
(1)	For an Aircraft with wing span not exceeding 15 metres or with rotor diameter not exceeding 7.5 metres	<u>176</u>
(2)	For an Aircraft with wing span exceeding 15 metres but not exceeding 24 metres or with rotor diameter exceeding 7.5 metres but not exceeding 12 metres	<u>846</u>
(3)	For an Aircraft with wing span exceeding 24 metres but not exceeding 36 metres or with rotor diameter exceeding 12 metres, but not exceeding 18 metres	<u>1,128</u>

8.4 Subject to paragraph 8.6, a Parking Unit for all Parking Stands in the Business Aviation Designated Apron Area is each period of 6 hours.

- 8.5 Any Parking at a Parking Stand in the Business Aviation Designated Apron Area for less than a Parking Unit shall be charged for the entire Parking Unit.
- 8.6 In the event that an Aircraft which is not engaged in Business Aviation is directed by the Authority for operational reasons to be parked at the Business Aviation Designated Apron Area, the Parking Stand occupied by that Aircraft shall be regarded as a maintenance apron parking stand under paragraph 6.3(6) and the Parking Charge for the Parking of the Aircraft shall be calculated in accordance with the provisions of paragraph 6 as if the Aircraft were parked at a maintenance apron parking stand in the Other Areas.
- 8.7 In the event that an Aircraft which is engaged in Business Aviation is directed by the Authority for operational reasons to be parked at a Parking Stand in the Other Areas, the Parking Charge for the Parking of the Aircraft shall be calculated in accordance with the provisions of paragraphs 8.2, 8.3, 8.4 and 8.5 as if the Aircraft were parked at the Business Aviation Designated Apron Area.
9. AIRBRIDGE CHARGE
- 9.1 Subject to paragraph 10.3, an Airbridge Charge of HK\$500 per Parking Unit shall be charged for the Parking of an Aircraft at a Parking Stand equipped with an airbridge for all Parking Units after the first 4 consecutive hours between 07:00 and mid-night each day, provided that in respect of any period between 07:00 and mid-night each day during which an Airport Lightning Warning or Tropical Cyclone Warning signal number 8 or above is hoisted, such period shall not be included in the calculation of any 4 hour consecutive period.
- 9.2 A Parking Unit for Airbridge Charge is each period of 15 minutes.
- 9.3 Airbridge Charge of any Parking for less than a Parking Unit shall be charged for the entire Parking Unit.
10. EXEMPTION OF LANDING CHARGE, PARKING CHARGE AND AIRBRIDGE CHARGE
- 10.1 For the avoidance of doubt, no Landing Charge shall be levied in respect of an Aircraft certified as waived from Landing Charge by the Authority as required by a direction given by the Director-General of Civil Aviation under the Ordinance.
- 10.2 For the avoidance of doubt, no Parking Charge shall be levied in respect of an Aircraft certified as waived from Parking Charge by the Authority as required by a direction given by the Director-General of Civil Aviation under the Ordinance.
- 10.3 For the avoidance of doubt, no Airbridge Charge shall be levied in respect of an Aircraft certified as waived from Airbridge Charge by the Authority as required by a direction given by the Director-General of Civil Aviation under the Ordinance.

11. TERMINAL BUILDING CHARGE ('TBC')

11.1 The Operator shall be charged a TBC to be calculated in accordance with paragraphs 11.2, 11.3, and 11.4.

11.2 Subject to paragraphs 11.3 and 11.4, the TBC shall be calculated as follows:-

HK\$23 times the number of Passengers on the Aircraft departing from the Airport Area and who are not Transit Passengers.

11.3 No TBC shall be charged in respect of an Aircraft engaged in Business Aviation unless any one of the Passengers uses any of the passenger terminal buildings and related facilities and services therein provided directly by the Authority in connection with the facilitation of Passengers and crews including their baggage in which event a TBC shall be charged for each such Passenger.

11.4 No TBC shall be levied in respect of:-

- (1) a Freighter or a Technical Stop provided that the Aircraft does not load or unload any Passenger at the Airport Area; or
 - (2) any other Aircraft certified as waived from TBC by the Authority as required by a direction given by the Director-General of Civil Aviation under the Ordinance.
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**Existing Rates and Proposed Rates of
Landing and Parking Charges**

I. Landing Charges

Landing Charge	Existing rate (\$)	Proposed rates (\$)		
		1st Year ⁽¹⁾	2nd Year ⁽²⁾	3rd Year onwards ⁽³⁾
First 20 tonnes	2,210	2,800	3,000	3,150
From 21 st tonne onwards, per tonne	63	67	72	74

Notes:

- (1) 1st Year means from 1 September 2016 to 31 August 2017, dates inclusive
- (2) 2nd Year means from 1 September 2017 to 31 August 2018, dates inclusive
- (3) 3rd Year onwards means from 1 September 2018 onwards

II. Parking Charges

(a) Parking charges at the airport except the Business Aviation Designated Apron Area

Parking Stand	Existing rate per Parking Unit of 15 minutes (\$)	Proposed rate per Parking Unit of 15 minutes (\$)
Terminal building frontal parking stands	156	183
Terminal building frontal parking stands for Code C Aircraft	140	165
Remote parking stands	125	147
Cargo apron parking stands	99	117
Direct taxi-in/taxi-out parking stands for Code C Aircraft	99	117
Maintenance apron parking stands	80	94
Other parking areas	80	94

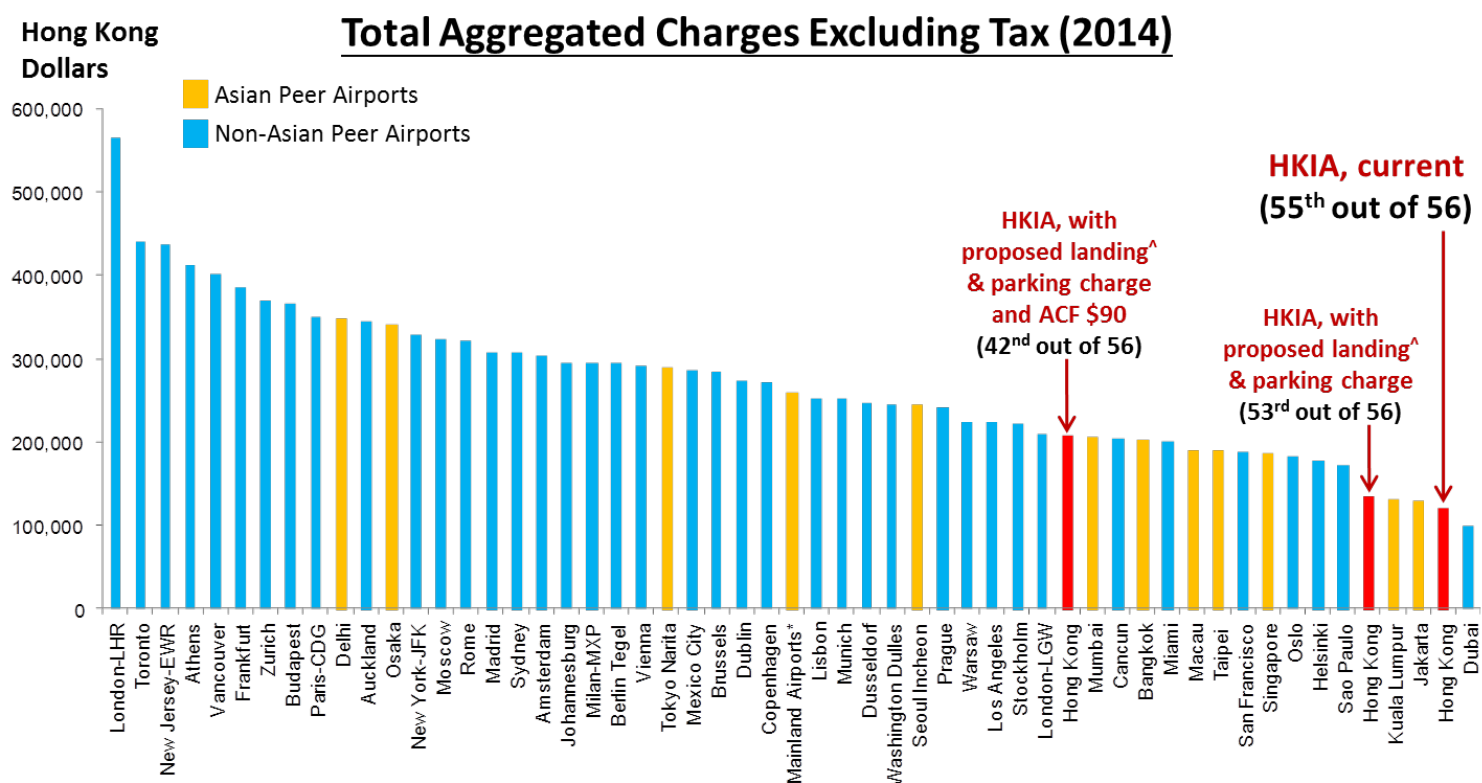
(b) Parking Charges at the Business Aviation Designated Apron Area

Aircraft Size	Existing rate per Parking Unit of 6 hours (HK\$)	Proposed rate per Parking Unit of 6 hours (HK\$)
Code A aircraft ⁽⁴⁾	150	176
Code B aircraft ⁽⁵⁾	720	846
Code C aircraft ⁽⁶⁾	960	1,128

Notes:

- ⁽⁴⁾ Code A aircraft refers to an aircraft with wing span not exceeding 15 metres or with rotor diameter not exceeding 7.5 metres.
- ⁽⁵⁾ Code B aircraft refers to an aircraft with wing span exceeding 15 metres but not exceeding 24 metres or with rotor diameter exceeding 7.5 metres but not exceeding 12 metres.
- ⁽⁶⁾ Code C aircraft refers to an aircraft with wing span exceeding 24 metres but not exceeding 36 metres or with rotor diameter exceeding 12 metres but not exceeding 18 metres.

HKIA's level of charges is competitive among 56 airports benchmarked




Notes:

Total aeronautical charges is based on the aggregate charges for four aircraft types, Airbus A320, Boeing 767-300, Boeing 777-300ER and Airbus 330-300.

^ Landing charge in the final (3rd) year of the proposed three phases is used.

*Mainland Airports refer to Beijing, Guangzhou Baiyun, Shanghai Pudong, and Shenzhen Bao'an; all of which have the same charges for international flights.

Source: Aeronautical Charges Benchmarking Study, LeighFisher (2015)

Chapter: 483  Title: AIRPORT AUTHORITY ORDINANCE Gazette Number: 36 of 1999
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Remarks:

Adaptation amendments retroactively made - see 36 of 1999 s. 3

PART V

THE AIRPORT

- (1) The Authority may, in accordance with this section, make a scheme or schemes for determining airport charges.
- (2) Without affecting the generality of subsection (1), a scheme under this section may-
 - (a) specify the amount of any airport charge or a scale of such charges by reference to which such amount is to be ascertained;
 - (b) otherwise specify how the amount of any airport charge is to be ascertained or provide that airport charges shall be of such amount, not exceeding that specified in the scheme, as may be decided by the Authority;
 - (c) provide for different airport charges for cases of such different descriptions as may be so specified;
 - (d) specify the manner in which, the time at which and the person by and to whom any airport charge is to be or may be paid.
- (3) (a) Before making a scheme under this section, the Authority shall submit to the Chief Executive in Council for approval a draft of the proposed scheme together with a statement referred to in paragraph (d).
 - (b) A submission under paragraph (a) shall be made through the Director and shall be accompanied by such relevant information (if any) as the Director considers appropriate and requires.
 - (c) Where a submission under paragraph (a) is received by the Director, he shall forward it in accordance with paragraph (g) to the Chief Executive in Council together with such observations (if any) thereon as he considers appropriate.
 - (d) The statement referred to in paragraph (a) is a statement-
 - (i) specifying the date on and from which the charges, or the charges as varied, are intended to operate; and
 - (ii) giving reasons for making the proposed scheme.
 - (e) Where a scheme is submitted under this section for approval the following provisions shall apply-
 - (i) if information required under paragraph (b) is not supplied by the Authority, the Chief Executive in Council may refuse to approve the scheme; and
 - (ii) if the Chief Executive in Council, having regard either to an observation by the Director as regards the submission or such advice as the Chief Executive in Council considers appropriate, believes implementation of the scheme as proposed would, or would be likely to, result in a breach of an international obligation relating to civil aviation or hindrance of the implementation of such an obligation, the Chief Executive in Council shall refuse to approve the scheme; and
 - (iii) if the Chief Executive in Council does not so believe, the scheme shall be approved.

- (f) In case the Chief Executive in Council refuses to approve a scheme submitted under this section, the Director shall, as soon as practicable, notify the Authority of the decision in writing.
- (g) Where a scheme is submitted for approval under this subsection, the Director shall forward the scheme to the Chief Executive in Council within the period of 60 days beginning on the date of submission or, if as regards the scheme such period has been extended pursuant to subsection (4), that period as so extended.
- (h) Where the Chief Executive in Council approves or refuses to approve a scheme submitted under this section, then, in so far as the decision related to a belief described in paragraph (e)(ii) (including the belief's basis) or the absence of such a belief, it shall not be questioned in any legal proceedings. (Amended 36 of 1999 s. 3)
- (4) (a) If in the Director's opinion it would in the particular circumstances be reasonable to do so, the Director may as regards a particular scheme under this section extend the period referred to in subsection (3)(g) by not more than 14 days.
- (b) Where a period has been extended under paragraph (a), the period may be still further extended by the Director by a period agreed to by the Authority and the Director.
- (c) Whenever the Director exercises the power conferred on him by paragraph (a), he shall as soon as practicable give to the Authority a written statement of the reasons why he exercised the power.
- (5) The Authority may make a scheme under this section if, and only if, the scheme has been approved by the Chief Executive in Council and in case the scheme is made, subject to subsection (6) it shall be in the terms so approved. (Amended 36 of 1999 s. 3)
- (6) (a) Where a scheme has been approved by the Chief Executive in Council the Director shall cause the scheme to be published as soon as practicable in the Gazette. (Amended 36 of 1999 s. 3)
- (b) A scheme under this section shall come into force on such day as may be specified in the scheme, not being earlier than the expiration of the period of 60 days beginning on the day on which the scheme is published in the Gazette; and a scheme made under this section may vary or revoke a previous scheme so made.
- (7) Where a charge is payable by virtue of a scheme under this section, it shall be the duty of the person to whom the charge is payable to charge accordingly; provided that if the Authority is directed by the Director in exercise of the power conferred on him by section 21(1)(b) to do so, it shall waive or, as may be appropriate, refund in accordance with the direction the whole of or, as may be appropriate, part of the charge.
- (8) For the avoidance of doubt it is hereby declared that no enactment shall be construed as enabling airport charges (within the meaning of this Ordinance) to be determined, fixed, imposed or collected.
- (9) (a) This section shall not be construed as enabling the Authority to determine or levy a charge or fee which relates to any en route air navigation service.
- (b) For the avoidance of doubt it is hereby declared that section 34 of the Interpretation and General Clauses Ordinance (Cap 1) does not apply to a scheme made under this section.
- (c) Notwithstanding anything contained (whether expressly or by implication) in any contract or other agreement to which the Authority is a party, airport charges shall only be made pursuant to and in accordance with a scheme under this section.
- (Enacted 1995)

**Airport Authority Hong Kong
Statement Pursuant to S.34(3)(d) of the Airport Authority Ordinance**

Background

1. The Airport Authority Hong Kong (AA) will make or vary a scheme for determining airport charges in accordance with section 34 of the Airport Authority Ordinance (Cap. 483) (the Ordinance).
2. Sections 34(3)(a) and (d) of the Ordinance provide that in submitting a draft scheme to the Chief Executive in Council for approval, the AA shall submit a statement together with the draft scheme. The statement is required to specify the date on and from which the charges (or the charges as varied) are intended to operate and to give reasons for the proposed scheme.

Adjustment of Airport Charges

3. Due to the Asian Financial Crisis in 1999, the AA reduced the Landing and Parking Charges by 15% from 1 January 2000 onwards. No reduction was made to the Terminal Building Charge. Both the Landing and Parking Charges have remained at the reduced level since 2000.
4. The AA proposes, as part of the three-runway system (3RS) financial arrangements and basing on the 'joint contribution' principle, to reinstate Airport Charges to the pre-2000 level and to subsequently include upward adjustments in line with inflation.
5. The proposed adjustment for Landing Charge, in consultation with International Air Transport Association representatives and The Board of Airline Representatives Hong Kong, will span over 3 years instead of one-off in order to minimise the financial impact on airlines for the first year. As for Parking Charges, the new rates will be in force upon effectivity of the gazette.
6. In alignment with the upward adjustment methodology for Parking Charges, Parking Charges for business aviation jets will also be adjusted and in force upon effectivity of the gazette.

Effective Date

7. The proposed amendment to the Scheme, submitted together with this Statement, seeks to effect the proposed changes referred to in the paragraphs above. Subject to the approval by the Chief Executive in Council, the proposed amendment of the Scheme will come into force on 1 September 2016, a date not earlier than the expiration of a 60-day period from its publication in the Gazette, as required by section 34(6) of the Ordinance.

**Summary of international obligations
relating to civil aviation
relevant to the Scheme of Airport Charges**

The relevant international obligations relating to civil aviation applying to the Hong Kong Special Administrative Region (HKSAR) are contained in the Convention on International Civil Aviation (i.e. the Chicago Convention), the International Air Services Transit Agreement (IASTA) and our bilateral Air Services Agreements signed between the HKSAR and its aviation partners. The relevant provisions are summarized below –

- (a) charges imposed by the HKSAR on aircraft of any other contracting State of the Chicago Convention or of IASTA shall not be higher than those that would be paid by the HKSAR's aircraft engaged in similar operations or services;
- (b) no fees, dues or other charges shall be imposed in respect solely of the right of transit over or entry into or exit from the HKSAR of any aircraft of a contracting State of the Chicago Convention or persons or property thereon;
- (c) charges shall be just and reasonable and equitably apportioned among categories of users;
- (d) the HKSAR is required to encourage consultation on the charges by the Airport Authority (AA) as the charging authority with airlines, where practicable through those airlines' representative organisations. Reasonable notice of any proposals for changes in user charges should be given to airlines to enable them to express their views before changes are made. The HKSAR Government must also encourage the AA and airlines to exchange such information about user charges as may be necessary to permit an accurate review of the reasonableness of the charges;
- (e) all charges shall be published and communicated to the International Civil Aviation Organization (ICAO); and
- (f) upon representation by an interested contracting State of the Chicago Convention or of IASTA, charges are subject to review by the ICAO Council, which shall report and make recommendations for the consideration of the State or States concerned.