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16 August 2021

Ms Shirley CHAN
Clerk to the Subcommittee on Subsidiary Legislation to
Regulate the Operation of Small Unmanned Aircraft,
Legislative Council Complex,
1 Legislative Council Road,
Central, Hong Kong

Dear Ms Chan,

## Subcommittee on Subsidiary Legislation to Regulate the Operation of Small Unmanned Aircraft

### The Administration's Response

In response to the follow up actions arising from the meeting of the Subcommittee on Subsidiary Legislation to Regulate the Operation of Small Unmanned Aircraft dated 10 August 2021, the Administration's response is set out at **Annex**.

For further enquiries, please contact this Bureau.

Yours sincerely,

(TE Chi-wang) for the Secretary for Transport and Housing

c.c. Civil Aviation Department

## Subcommittee on Subsidiary Legislation to Regulate the Operation of Small Unmanned Aircraft

# The Administration's response to the follow-up actions arising from the meeting on 10 August 2021

(i) The regulatory regime under the Small Unmanned Aircraft Order ("SUA Order") adopts a risk-based approach which aims to safeguard aviation and public safety while at the same time, allows ample room for the development and applications of small unmanned aircraft ("SUA") in tandem with the evolving technology and innovation.

Based on the weight of the SUA and the operational risk level, SUA operations of different risk levels will be subject to the corresponding regulatory requirements. For Category A1/A2 operations, no prior permission from the Civil Aviation Department ("CAD") will be required if relevant requirements such as operating requirements are complied with; and for Category B operations involving higher risk, operations shall only be conducted upon prior permission from CAD. This regulatory regime is flexible and forward-looking and is able to cater for the rapid development of SUA and the diversified operational needs of different categories of SUA, including certain operations with special needs such as drone racing, surveying and 3D mapping, etc.

After the passage of the SUA Order and before its implementation, CAD will publish a Safety Requirements Document ("SRD") to provide the general public and stakeholders with further technical/operational guidance and details of application for permission, including permission to conduct Category B operations. We understand that certain operations may have special needs and will provide specific information in relation to such operations where necessary and appropriate to further elaborate the detailed guidelines, application details, and facilitating measures under the regulations.

(ii) After the passage of the SUA Order and before its implementation, in order to facilitate the applicants to understand the application requirements and the information required for submission, CAD will publish a SRD to provide further details including the application requirements for permission to conduct Category B operations. CAD will also launch a dedicated electronic portal for SUA which will

enable the use of technology to facilitate the application process and minimise the time required for applications.

In fact, with reference to CAD's past experience, the time required for processing an application mainly depends on the sufficiency and completeness of the information submitted by the applicant, as well as the complexity and potential risks of the operational plan. CAD will continue to explore means and review the application procedures so as to further reduce the application processing time.

(iii)&(iv)In regard to the insurance requirements of operating SUA in respect of third party liability for bodily injury and/or death, the densely populated environment of Hong Kong and the potential risks of SUA operation have been duly considered, with an aim to fostering the SUA development while providing a certain safeguard to third party.

The Administration understands the Members' and the public's keen concerns about the market availability and premium level of the relevant insurance products in Hong Kong. As SUA is a relatively new product under development, market readiness is one of the crucial factors for consideration. In this regard, CAD has been closely liaising with the Insurance Authority and the Hong Kong Federation of Insurers on the availability of products to meet the relevant insurance requirements. While industry players see the market potential, more time would be required to collect information / statistics in relation to the use of SUA in Hong Kong for launching new SUA-related insurance products. Currently there are very limited insurance products available for Category A2 operations.

Balancing the market readiness and the risks to public safety, the Administration proposes adopting phased approach a implementing the mandatory insurance requirement. The first phase will be mandatory insurance for Category B operations, which will take effect immediately upon commencement of the SUA Order. The second phase will be mandatory insurance for Category A2 operations, which will commence on a later date to be specified by the Director-General of Civil Aviation ("the Director") by notice published in the Gazette. This will allow the Administration to continue its liaison with the insurance industry and for the insurance industry to collect more information and statistics in relation to the use of SUA in Hong Kong such that the industry can launch SUA-related insurance products with varied premium level and coverage.

We appreciate Members' concerns about insurance. Our plan is to review the market situation one year after the SUA Order takes effect (i.e. 1 June 2023). This will provide us with more time to liaise with the insurance industry, and only when it is ready that the Director will specify the commencement date of the mandatory insurance requirement for Category A2 operations by notice published in the Gazette for Legislative Council's scrutiny.

During the liaison, we will proactively consider different options to achieve the above goals, including Members' proposal for granting appropriate exemptions to designated locations for operating SUA. If necessary, section 68 of the SUA Order has empowered the Director to grant exemptions.