

Hong Kong gets approval for \$18.2bn third runway



3rd-runway concourse

Hong Kong International Airport (HKIA) has been given approval to expand into a three-runway system which will involve the construction of a new 283,000sq m third-runway concourse and gives the airport a capacity to serve 30m extra passengers.

Airport Authority Hong Kong (AA) has welcomed the decision from Hong Kong's Executive Council, which is the core policy-making organ of the Special Administrative Region of China.

Vincent Lo Hong-sui, AA Chairman, says: "Expanding HKIA into a three-runway system will consolidate our city's status as an international and regional aviation hub, spur economic development and create hundreds of thousands of jobs."

The system - set to start in 2016 and to complete by 2023 - will cover 650 hectares of reclaimed land and will cost the AA HK\$141.5bn (\$18.2bn) at today's prices. As well as a new runway, taxiways and aprons, the project includes a third-runway concourse, the expansion of Terminal 2, an automated people mover and a baggage handling system.



The 3rd-runway concourse adds 30m pax capacity and will be linked by a people mover (in orange) to the main terminals system.

FUNDING THE PROJECT

The AA's funding proposal is based on a 'joint contribution and user-pay' principle. According to the AA, the project will be funded by three means: bank loans and bonds;

HKIA's operational surplus [*which has typically been paid to the Government as dividends*]; and end-users [*including passengers and airlines*].



Lam: adjustments to passenger charges

Fred Lam, CEO of the AA, comments: "Around 70% of HKIA's passengers are non-Hong Kong residents. Our suggested user-pay principle makes good sense, because subsidising the project through the government means local taxpayers would be footing the bill for overseas passengers."

However by syphoning off AA's operational surplus payments to the government, the project will effectively be using would-be centralised city funds. The Executive Council has also expressed concern about the amount that would be charged to passengers and Lam says: "We will look into further adjustments and determine whether they are feasible."