



"Maggie Brooke"

To: <airportcomments@edlb.gov.hk>  
cc:  
Subject: Follow-up Response  
 Urgent  Return Receipt

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Please see attached follow up response.

Margaret Brooke  
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CONSULTATION ON PARTIAL PRIVATISATION - Follow up.doc

## **CONSULTATION ON PARTIAL PRIVATISATION OF THE AIRPORT AUTHORITY**

**Follow-up Response by Nicholas and Margaret Brooke, Professional Property Services Limited**

**By E-mail: [airportcomments@edlb.gov.hk](mailto:airportcomments@edlb.gov.hk)**

Further to our initial response forwarded in February 2005, we would like to make some further comments which have been triggered by opinions which have been put forward based on experience in other markets.

We continue to believe that Hong Kong is not yet ready for even a partial privatisation of the airport and can see no benefit from such a move except a Government wish to raise revenue which objective has significantly less validity now that the budget deficit is coming under control.

Sydney is often put forward as an example of a successful airport privatisation. It is true that the new investors appear to be seeing improved returns and the number of flights and passenger trips have increased but the situation there prior to privatisation was very different to that at Chek Lap Kok. The three terminals in Sydney were operated independently by competing organisations and there were few opportunities for synergy or for cross development of the airport as a whole. This limited its expansion in so far as other airlines were concerned and also restricted the retail and other opportunities open to the operators. None of these circumstances apply to Chek Lap Kok which is operated by a single authority with a mandate to manage its affairs on a commercial basis. There is certainly no lack of development of commercial opportunities as evidenced by the expanded retail accommodation and the introduction of new facilities for the benefit of airport users.

In Section 9 of our previous response we alluded to the need to ensure against unfair competition with the private sector in so far as land use and scope of business were concerned. This is borne out by the problems experienced in Australia where the privatized airports in Sydney and Brisbane enjoy immunity from local, state and territory planning laws, a situation which has raised strong objections from both the community and local governments in those areas. Under Australian law the airports are permitted to develop any project that is incidental to the airports' primary purpose of aviation without any controls and this has been found to include factory outlets and golf courses as well as retail centres. The uncontrolled development of such facilities by private operators has increased profits but caused a great deal of controversy and legal challenge. Whilst Chek Lap Kok should be permitted to operate commercially, it should not be allowed to compete unfairly with the private sector and care should be taken to ensure that the proper planning and development controls are in place going forward.