



"Peter Sherwood"

To: <airportcomments@edlb.gov.hk>
 CC:
 Subject: airport privatization
 Urgent Return Receipt

27/05/2005 22:42

Dear Sir,

I am forwarding a letter I wrote to the South China Morning Post as my own submission in favour of the partial privatisation of the airport. You will note that my key points are for Hong Kong citizens to be given the opportunity to invest in quality businesses and that the free economy with minimum government intervention should continue to thrive in Hong Kong. Below is my letter dated.

Thank you for your consideration,

Peter Sherwood.

28 May 2005

SCMP

Att'n: The Editor

Dear Sir,

I refer to Russell Baring's commentary "Authority Listing Proposal all Hot Air" (May 19, 2005). Japhet Law and his colleagues at the Chinese University of Hong Kong may have the opinion that the case for partial privatisation has not been made. That opinion is flawed. Look at privatisation from the perspective of the people of Hong Kong. As taxpayers we have ploughed billions into the construction of the Airport. It is a valuable and profitable asset and an important driver of the economy. And credit to the folks who run the Airport who for so many years in a row have ensured it is ranked the best in the world. Why should we be denied the opportunity to invest in this prized asset? Recently, I listened to the CEO of the Airport Authority deliver a highly informative and well thought out presentation on strengthening the Airport's competitiveness. It behoves Russell Baring and Japhet Law to take note of a finer detail. The Airport needs to be run on commercial and free market principals to remain competitive and not to be protected by remaining a monopoly. In to-day's environment monopolies fail because they become complacent and bureaucratic. Hong Kong prides itself as one of the freest economies in the world and here we have a leading business newspaper, an academic institution and airlines all advocating the retention of a monopoly. Is business no longer interested in "positive non intervention" by Government as proclaimed by a former financial secretary? The assertions that airport charges fees would go up when the airport privatises, that the Government has not clearly spelled out its reasons for privatisation, whether revenues from retail sales at the airport should be considered when setting aeronautical charges and the definition of a fair return on investment are all red herrings. The Government can easily incorporate a mechanism for the Airport Authority to seek approval for any future fee increases. So what's the bid deal? What do the airlines have to fear that will be different from now? I would certainly be in favour of revenues derived from privatisation going into improving social services and preventing further cuts in education. What's wrong with that? And what's the issue with retail sales settling landing fees? Why should Peter rob Mary to pay Paul? Each business has different economics and should be operated on their own merits. A fair return is a return that allows for Government to close the budget deficit gap and put more money into more essential services for the good of Hong Kong. Let's not argue percentages but what is needed is to find revenue sources to balance our books and provide for those areas of the economy whose shortfalls are hurting. Let the free market economy that has made Hong Kong what it is continue to thrive and provide the people of Hong Kong the opportunity to make investments in good and solid businesses.

Sincerely,

Peter Sherwood