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$7.6 million is needed for the collection of airport tax

"THE question before us really is: Has the Financial Secretary been taken for a ride?" the Chief Secretary, Sir Phillip Haddon-Cave, suggested with a now familiar twinkle in his eye as the Legislative Council chamber echoed to peals of laughter.

He was referring to the $7.6 million being handed over to the airlines by the Civil Aviation Authority this year.

Is there some racket going on here? Hardly. It all has to do with that tiresome $100 you must now pay at the check-in desk every time you exercise your right to leave the colony.

Members of the Finance Committee also appeared to find it somewhat tiresome, for they kept the Director of Civil Aviation, Mr Norman Latham, in the "hot seat" next to the Chief Secretary for over half an hour, grilling him mostly about the allocation of the $7.6m.

The answer was quite simple, really. It is the amount the airlines are reimbursed for the troublesome task of collecting and keeping more than $1 million every day.

That's right, folks. More than 10,000 people pay $100 each to leave this place by air every day.

As a result, the government has chalked up an impressive $264m since the introduction of the tax on June 9 last year.

The tax replaces the former so called "passenger service charge" of $20 per person, which was also collected at the check-in desk before departure.

The director was asked why the amount reimbursed was being introduced this year, when airlines had previously undertaken to collect the money and yet no similar sum had been allocated before.

The implication, clearly, was that the government was being "taken for a ride" by the airlines.

The answer seemed to lie in the logistical difference between collecting a mere $20 per passenger and collecting an offensive $100.

Apparently the airlines have had to institute "more involved administrative procedures and security arrangements" to deal with the new tax.

An official of the Finance Department said that ever since the introduction of the scheme last June, the Civil Aviation Department had been working closely with the airlines and Secure Air, the handling agent, to determine a reasonable sum in compensation for staff and additional costs, and that the sum of $7.6m had been arrived at.

"We are told that this is a reasonable investment," the director added.

Mr Latham subsequently told members that only $0.2m of the $7.6m was needed for additional staff to handle the increased cash flow.

The Financial Secretary, Sir John Bremridge, himself stepped in at one point as if to clear his name of all charges.

He pointed out that when the tax was introduced last year, ground staff nearly went on strike at having to handle such large sums of money, with the attendant increase in security risks.

And if it sounds excessive for the government to use some of your money just to charge you more, consider the sum being spent on airline insurance.

The extent of the cover is US$600m, based on a "worst case" scenario involving a mid-air crash between two jetliners. This is costing the government $2m.

Answering Mr Andrew So, the director said that because of the specialised nature of the insurance, it was not possible to obtain cover from a local insurance company. However, public tenders are invited every three months.

And yes, the magnitude of the risk justified such an expense.

Does he know something we don't? — Fiona McMullin.