

**For discussion
on 26 March 2012**

Legislative Council Panel on Economic Development

**Staffing proposal relating to the establishment of
the Airport Expansion Project Coordination Office
in the Transport and Housing Bureau**

PURPOSE

This paper seeks Members' views on the Government's proposal to create three supernumerary directorate posts for establishing a dedicated Airport Expansion Project Coordination Office (AEPCO) in the Transport and Housing Bureau (THB) to coordinate efforts and steer the work of the Airport Authority Hong Kong (AAHK) to take forward the Hong Kong International Airport Master Plan 2030 (Master Plan 2030) at its initial stage.

BACKGROUND

2. Through the preparation of a 20-year Master Plan, which is reviewed and updated every five years, AAHK aims to set out the strategic direction of the future development of the Hong Kong International Airport (HKIA). The preparation of the Master Plan 2030 began in 2008 and the report was released in June 2011.

3. AAHK conducted a three-month public consultation exercise on the Master Plan 2030 between 3 June and 2 September 2011 to seek the public's views on the two options for the future development of HKIA. Taking into account the public views gathered during the public consultation, AAHK submitted its recommendations to the Government on 29 December 2011. Having carefully considered AAHK's recommendations, we proposed and the Executive Council (ExCo) approved, in-principle, at its meeting on 20 March 2012 that the option of expanding into a three-runway system be adopted as the future development option for HKIA for planning purpose. AAHK has been asked to proceed with the related planning work, which includes specifically the statutory environmental impact assessment (EIA), the associated design details, and the financial arrangement. A final decision on whether to proceed with the implementation of the three-runway

system will be made upon completion of the above planning work when the relevant inputs are available.

PROPOSAL

4. We consider it necessary to set up the dedicated AEPCO under THB to oversee the work of AAHK and co-ordinate efforts of all relevant parties in taking forward the next stage of work. In addition, given the immense public concern on the project and the substantial amount of investment to be involved, we have made reference to the then New Airport Core Programme and intend to set up a high-level steering committee to be chaired by a senior Government official and comprising heads or representatives of the relevant policy bureaux and works departments. The steering committee will play an advocacy, oversight and advisory role in the development of the airport, provide guidance at all stages of works involved, and make decisions on significant policy issues. AEPCO will serve as the executive arm of the committee.

5. We propose to consult the Establishment Subcommittee (ESC) and seek approval from the Finance Committee (FC) of the Legislative Council (LegCo) for the creation of three supernumerary directorate posts comprising one Principal Government Engineer (PGE) (D3) designated as Head/AEPCO, one Administrative Officer Staff Grade C (AOSGC) (D2) designated as Principal Assistant Secretary (AEPCO) (PAS(AEPCO)) and one Chief Engineer (CE) (D1) designated as Chief Assistant Secretary (AEPCO) (CAS(AEPCO)) for establishing the dedicated AEPCO. They will be supported by eight non-directorate staff in the disciplines of Administrative Officer, Engineer, Executive Officer as well as clerical and secretarial staff. The three directorate posts together with the eight non-directorate posts will be created for an initial period of two years and nine months, i.e., from July 2012 to March 2015, subject to review nearer the time. The proposed organisation chart of the AEPCO is at **Enclosure 1** and the organisation chart of THB incorporating the proposed AEPCO is at **Enclosure 2**.

JUSTIFICATIONS

6. AAHK is a statutory body wholly owned by the Government. It is mandated under the Airport Authority Ordinance (Chapter 483) to operate, develop and maintain HKIA in accordance with the objective of maintaining Hong Kong's status as a centre of international and regional aviation. As the development of the three-runway system in HKIA is a large-scale project involving a whole host of engineering, funding and environmental issues, there is a need for the Government to closely steer and monitor the work of

AAHK. The Government needs to work in close partnership with AAHK through the establishment of a dedicated AEPCO so as to provide timely advice and initiate action to ensure that the work is taken forward on the right track at its early stage.

7. The proposed AEPCO is tasked to oversee the work of AAHK, co-ordinate efforts of all relevant parties, formulate a cooperation and reporting mechanism between AAHK and relevant Government bureaux or departments (B/Ds), and set up a high-level steering committee. Work of the initial stage can be broadly categorised as follows –

(i) EIA and associated assessment studies

With ExCo's in-principle approval given on 20 March 2012, AAHK is required, as a first and immediate step, to compile the detailed scope of the study in coordination and consultation with the concerned Government departments to kick start the EIA. It is necessary to set up the AEPCO in time to tie in with the commencement of the EIA to provide the necessary steer, coordination and monitoring throughout the process. The AEPCO will oversee the conduct of EIA by AAHK and coordinate relevant B/Ds for resolving all interfacing matters throughout the EIA process, in particular to facilitate smooth progress of the mitigation measures.

(ii) Associated design details

Regarding the associated design details, AEPCO is to closely monitor the progress and to vet the work of AAHK to ensure that the design is cost-effective, technically feasible and in order. In particular, the Government's extensive experience in reclamation will be critical to the successful delivery of the project. AEPCO will vet AAHK's procurement system as well as the relevant tender documents to ensure that the financial, quality and programme aspects of the project are well-addressed. In addition, the AEPCO will coordinate inputs from all relevant departments, for example the Civil Aviation Department and the Fire Services Department, etc., during the preparation of the associated design details, in order for the Government to carry out associated public works to enable the commissioning of the three-runway system.

(iii) Public engagement

In order to gauge public's views and maintain regular dialogue with the stakeholders, AEPCO will formulate public engagement plans, together with

AAHK and take part in all relevant public engagement exercise, with emphasis on District Council (DC) consultation and LegCo briefings.

(iv) Financial arrangements for the development of a three-runway system

AAHK will work out the final estimated construction cost and the financial arrangements once the associated design details of the project are completed. The Government will engage an independent financial adviser to vet and validate the updated estimated costs and advise on the financial implication and the optimal financial arrangements. AEPCO will consider the financing arrangements for bridging the funding gap for the successful delivery of the project.

8. Subject to the completion of the tasks mentioned above, a final decision on whether to proceed with the implementation of the three-runway system will be made when the relevant inputs are available. As it is planned that the above tasks will be completed in early 2015 the earliest, the proposed duration for the initial set up of the AEPCO from July 2012 to March 2015 is considered appropriate.

Directorate support for the AEPCO

Need for a PGE (D3) post

9. In view of the immense investment of the third runway project, and the complexity, breadth and importance of the tasks involved, we consider it necessary to have a senior directorate officer (Head/AEPCO) to head AEPCO to assume leadership and provide policy and technical steer in taking forward the Master Plan 2030 during the early stage. The Head/AEPCO will also act as the focal point for coordinating all the policy matters and resolving interfacing issues between the Government and AAHK. The post should best be pitched at D3 level and ranked as PGE so that the post incumbent is equipped with solid engineering knowledge and expertise with sufficiently high-level leadership, as well as organisational, management and supervisory skills. The job description of the proposed Head/AEPCO is at **Enclosure 3**.

Need for an AOSGC(D2) post

10. The AOSGC (PAS(AEPCO)) is required to assist the Head/AEPCO mainly in formulating overall development strategy, working out public engagement plans, and reviewing the financial proposals submitted by the AAHK with a view to formulate the optimal financial arrangements to take forward the third runway project. Having regard to the substantial amount

of investment, the impact on the environment, and the technical complexity of the works involved, PAS(AEPCO) will assist in liaising closely with the relevant B/Ds in the formulation of overall development strategy and the project control and reporting system for the works undertaken by AAHK. He will be responsible for working out necessary consultation plans during the EIA process, resolving interfacing issues with AAHK, assuming the role of the secretary to the high-level steering committee, and making arrangements for the engagement of an independent financial consultant to vet AAHK's financial proposal and provide advice to the Government. With the commencement of the EIA, PAS(AEPCO) will be heavily involved in formulating plans to engage the public and participate in all relevant public engagement exercise, such as DC meetings, public forums and LegCo briefings etc. As the duties involved require an officer with experience in policy formulation and public relations, we consider that a directorate officer in AOSGC rank would be appropriate to take up the role. The job description of the proposed PAS(AEPCO) post is set out at **Enclosure 4**.

Need for a CE(D1) post

11. The CE (CAS(AEPCO)) will mainly provide professional support in engineering and project management matters and lead the technical team to coordinate with other departments, including Environmental Protection Department, Marine Department and Agriculture Fisheries and Conservation Department etc., in resolving key environmental impacts arising from the project, and to evaluate the effectiveness of the environmental mitigation measures undertaken by AAHK. Under the CAS(AEPCO)'s supervision, the technical team is also responsible for vetting technical proposals from AAHK and facilitating AAHK in resolving key issues in relation to the reclamation works. The CAS(AEPCO) will also steer and closely monitor the work relating to the associated design details to ensure that the design is cost effective and compatible with the design of Government's associated public works as well as the relevant technical standards. As the duties involved require substantial engineering inputs and liaison with relevant stakeholders in the industry and environmental sector, as well as the Mainland authorities, we consider that an engineering grade officer at D1 level would be appropriate to take up the role. The job description of the proposed CAS(AEPCO) post is at **Enclosure 5**.

Non-Directorate support for the AEPCO

12. The AEPCO will be supported by a total of eight non-directorate posts, namely one Senior Engineer, one Administrative Officer, one Senior Executive Officer, two Engineers/ Assistant Engineers, two Personal

Secretary I and one Assistant Clerical Officer to provide the necessary support in various disciplines. These posts will also be created for an initial period of two years and nine months and be reviewed together with the three directorate posts before they lapse.

Duration of the AEPCO

13. As it is expected that the EIA and the preparation of associated design details will be completed in early 2015 the earliest, the AEPCO is proposed to be set up initially from July 2012 to March 2015 to oversee the planning and preparatory work. For prudent deployment of public resources, we will review the continued need of AEPCO and its staffing requirement (at both the directorate and non-directorate levels), as well as the necessity to create additional posts under other relevant B/Ds before the end of initial set up of the AEPCO, taking into account the progress and assessment of the implementation of the three-runway system at that time.

Alternatives considered

14. We have critically examined the possibility of redeploying existing directorate officers within the Transport Branch of THB to take on the new tasks. The Permanent Secretary for Transport is at present supported by a AOSGB1 (D4), four AOSGBs (D3), nine AOSGCs (D2), a Government Engineer (D2) and a Principal Marine Officer (D1). They are already fully occupied with their own schedule of duties which span extensively across a wide range of areas and a number of major infrastructure projects which are developing into different stages currently, including the Hong Kong-Zhuhai-Macao Bridge project, the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the West Island Line, the Shatin to Central Link, the South Island Line (East) and the Kwun Tong Line Extension. Apart from the major infrastructure projects, they also need to oversee and housekeep a wide range of subject areas under the policy areas of land transport, railway development, cross-boundary transport, road safety and management, ferry services, marine and shipping, logistics services development, air services negotiations and civil aviation management. Given that all the other directorate officers are fully engaged within their respective duties, it is operationally not possible for them to take up the tasks related to the Master Plan 2030 without adversely affecting the discharge of their current duties.

FINANCIAL IMPLICATIONS

15. The proposed creation of the three supernumerary directorate posts

under the AEPCO will require an additional notional annual salary cost at mid-point (NAMS) of not exceeding \$4,839,000, as follows –

<u>Rank</u>	<u>NAMS(\$)</u>	<u>No. of post</u>
Creation of supernumerary directorate posts Head 158 GS: THB (TB)		
D3 Principal Government Engineer	1,870,200	+1
D2 Administrative Officer Staff Grade C	1,611,600	+1
D1 Chief Engineer	1,357,200	+1
	4,839,000	+3

The additional full annual average staff cost, including salaries and on cost, is estimated to be around \$6,769,000.

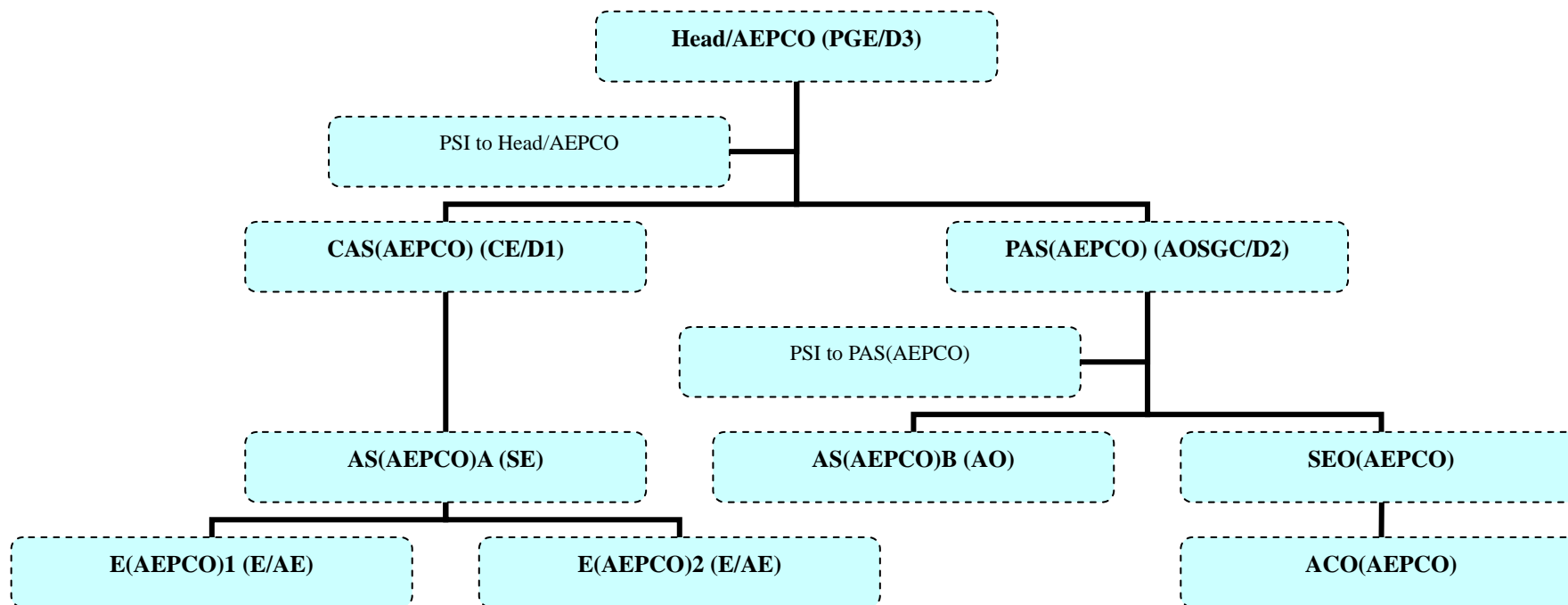
16. The AEPCO will be supported by a total of eight non-directorate staff. The total additional notional annual salary cost at mid-point will be within \$4,595,280 and the full annual average staff cost, including salaries and on-cost, will be around \$6,842,000.

WAY FORWARD

17. Subject to Members' comments, we plan to seek the necessary advice from the ESC and approval from the FC on 2 May 2012 and 25 May 2012 respectively for the creation of three supernumerary directorate posts for the AEPCO in THB.

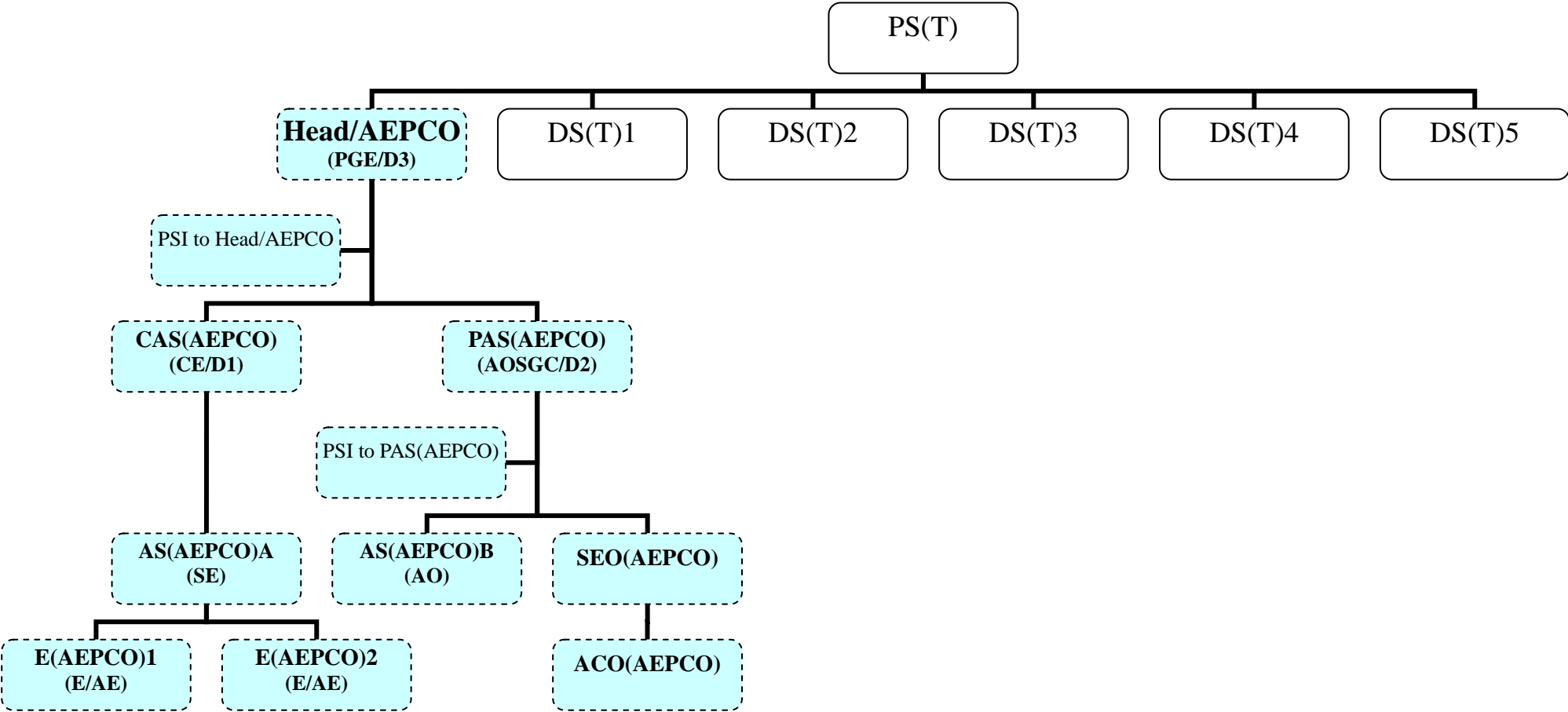
Transport Branch
Transport and Housing Bureau
March 2012

Proposed organisation chart of the Airport Expansion Project Coordination Office



 : Proposed new division under Transport Branch of THB.

Proposed organisation chart of Transport Branch of Transport and Housing Bureau



[Dashed Box] : Proposed new division under Transport Branch of THB

Job Description for Head/AEPCO

Rank: Principal Government Engineer (D3)

Responsible to: PS(T) (under existing establishment)

Main Duties and Responsibilities

1. To lead, provide strategic direction, policy and technical steer to team members, and fully exercise the supervisory role of the AEPCO in taking forward the Master Plan 2030.
2. To oversee all aspects of the work of the AEPCO, facilitate the AEPCO as the focal point for coordinating all interfacing work between the Government and AAHK, advise relevant B/Ds on matters related to the airport expansion plan.
3. To formulate consultation plans and mechanism with AAHK and participate in regular and ad hoc meetings, with particular involvement in ExCo and LegCo meetings relating to the project.
4. To monitor and give steer on critical technical and policy issues which could potentially affect the project delivery, environment, quality of works and any other issues which might have bearing on the public interest.
5. To chair project coordination meetings with AAHK and other parties to identify pressure points, project priorities and forth coming tasks as to foster inputs to the project by respective parties and secure relevant B/Ds' support to the implementation of the project.
6. To represent THB in relevant project management meetings and high- level steering committee for close monitoring of the project.

Job Description for Principal Assistant Secretary (AEPCO)

Rank: Administrative Officer Staff Grade C (D2)

Responsible to: Head/AEPCO

Main Duties and Responsibilities

1. To assist Head/AEPCO to formulate overall development strategy and develop project control and reporting system for the works to be undertaken by AAHK.
2. To provide policy advice on the interfacing issues affecting the implementation of the airport expansion plan.
3. To assume the role of the Secretary to the high-level steering committee to be formed for supervising AAHK's implementation of the airport expansion plan.
4. To coordinate with AAHK, relevant Government B/Ds and stakeholders in taking forward the initial stage of work.
5. To assist in formulating necessary consultation plans and mechanism and participate in regular and ad hoc meetings, with particular involvement in public forums and consultations with DCs etc, relating to the project.
6. To review and formulate the financial arrangement with AAHK to take forward the Master Plan 2030.

Job Description for Chief Assistant Secretary (AEPCO)

Rank: Chief Engineer (D1)

Responsible to: Head/AEPCO

Main Duties and Responsibilities

1. To provide professional support and advice on engineering and project management matters.
2. To lead the technical team to coordinate with other departments to assist AAHK in resolving key environmental impacts arising from the project.
3. To coordinate with relevant B/Ds to steer and closely monitor the work relating to the preparation of the associated design details to ensure that the design is cost effective and compatible with the design of Government's associated public works as well as the relevant technical standards.
4. To vet technical proposals and provide technical advice to facilitate AAHK in resolving key issues in relation to the reclamation works.
5. To monitor the financial, quality, scope and programme aspects of the works and monitor the expenditure of these works and their timely completion.
6. To steer and provide support on the conduct of public engagement activities in addressing public concerns on technical issues arising from the project.