

財經事務及庫務局

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本函檔號 Our Ref. : L/M (1) to TsyB 00/520/99/2/0
來函檔號 Your Ref. : CB4/PAC/R63

13 January 2015

Mr Anthony Chu
Clerk to the Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit's Report No. 63
Administration of the air traffic control and related services

I refer to your letter dated 8 January 2015 seeking further information on the contract variations to the Air Traffic Management System ("ATMS") contract. Our response is set out in the ensuing paragraphs.

As mentioned in paragraph 4 of our reply to you of 29 December 2014, the Government Logistics Department Tender Board ("GLDTB") is the approving authority for variations to the ATMS contract with the accumulated value of the variations up to 30% of the original contract value. According to the information provided by the Civil Aviation Department ("CAD") to the GLDTB, the two contract variations to the ATMS contract involved additional/new requirements necessitated to meet the higher international standards on air traffic management, new requirements of the International Civil Aviation Organization and the operational needs of the future air traffic growth in Hong Kong. They were **not** products or services in the original scope of the ATMS contract. Hence, the tenderers could not have priced such additional/new requirements in their original offers for the ATMS.

Moreover, Clause 9.4 of the Conditions of Contract for the ATMS stated clearly that where a change of the system or services was requested by the Government to overcome an actual or likely failure of the contractor to meet any of the contract requirements, the contractor shall not be entitled to any increase in the total system price or maintenance charges. When approving CAD's applications for the two contract variations involving increase of the Total System Price and/or Maintenance Charges, the GLDTB was satisfied that Clause 9.4 of the Conditions of Contract was not applicable and that the additional/new requirements to the ATMS were essential to meet CAD's operational requirements and hence a genuine need of procurement.

Yours sincerely,



(Miss Winky Wong)

for Secretary for Financial Services and the Treasury

c.c. Director of Government Logistics