

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 28 – CIVIL AVIATION DEPARTMENT Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the creation of the following supernumerary directorate post in the Civil Aviation Department for about three years up to 31 March 2019 with immediate effect upon approval of the Finance Committee –

1 Administrative Officer Staff Grade B
(D3) (\$180,200 - \$196,700)

PROBLEM

The Civil Aviation Department (CAD) needs dedicated directorate support on a time-limited basis to strengthen the senior management of the Department for improving the co-ordination of various key projects and legislative amendment exercises including, among others, the replacement of the Air Traffic Control system, manpower planning for the three-runway system, and the regulatory regime for unmanned aircraft system.

PROPOSAL

2. We propose to create a supernumerary Administrative Officer Staff Grade B (AOSGB) (D3) post in CAD, to be designated as Deputy Director-General of Civil Aviation (2) (DDGCA(2)), with immediate effect upon approval of the Finance Committee (FC) up to 31 March 2019 (i.e. for about three years), to strengthen the capacity of CAD's senior management in taking forward various key projects as well as enhancing the overall administrative control and management of the department.

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JUSTIFICATION

Need for dedicated directorate support

3. The Director-General of Civil Aviation (DGCA) is currently deputised by one DDGCA. The DDGCA post is filled by professional staff of the Department. The DDGCA has to directly supervise the work of all the seven divisions in CAD, attending to the full range of the Department's activities and responsibilities. In the light of the upcoming developments described in paragraphs 4 to 11 below, the senior directorate tier in the Department will have to be strengthened for the purpose of handling some critical tasks ahead.

Implementation of the new Air Traffic Control (ATC) system

4. CAD commenced work on replacing the existing ATC system in 2007 with a view to coping with the rapidly increasing air transport demand and enhancing the quality of air traffic management. The new ATC system, equipped with a state-of-the-art air traffic management system (ATMS), will meet the latest standards and safety requirements, and be able to support the continued growth in air traffic volume. CAD strives to ensure the safety, efficiency and reliability of the new ATC system. To this end, CAD and Transport and Housing Bureau (THB) have appointed independent consultants to respectively confirm the system stability and reliability, and also its operational and staff readiness, before the system is commissioned.

5. As reported to the Legislative Council (LegCo) Panel on Economic Development on 24 March 2016, the new ATC system is planned to be launched incrementally from June 2016 onwards. The use of the system will be progressively expanded in terms of operating time and the scope of service coverage over a period of about five months. Air traffic controllers and relevant staff are undergoing a series of intensive training to familiarise with the performance of the new system and this demands a more efficient manpower deployment of air traffic controllers. During the critical transition period from now until the new ATMS is fully commissioned and has properly run in, there is a pressing need for a new DDGCA(2) post to strengthen the management, in particular the administrative aspects of the project (such as manpower deployment and planning), in order to allow the existing DDGCA to focus on the operational and engineering aspects to facilitate the safe, efficient and smooth commissioning of the new system. CAD's professional staff is already working strenuously on the project, but substantial amount of high-level co-ordination and administrative work would be required to ensure smooth running of the new ATC system in a sustainable manner, including resource and manpower deployment for the system operation, reporting to the LegCo and THB on progress etc. To take

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forward the phased functional implementation of the new ATC system, good co-ordination and detailed resource planning (including manpower deployment within the few months when the new and the existing ATC systems will be running in parallel) are essential to ensuring successful and seamless implementation of the project.

Legislative amendment exercises

6. With the advancement in technology and rapid development in the aviation arena, Hong Kong is obliged to ensure that the local legislative framework is adequate and effective in regulating the safe and efficient conduct of aviation activities, with due regard to the latest requirements promulgated by the International Civil Aviation Organisation as well as international practices. Legislative amendments under review include (i) amendments to the Hong Kong Civil Aviation (Investigation of Accidents) Regulations (Cap. 448B) concerning aircraft accident investigation; (ii) amendments to Air Navigation (Hong Kong) Order 1995 (Cap. 448C) concerning safety regulations of the aviation industry; (iii) amendments to Hong Kong Air Navigation (Fees) Regulation (Cap. 448D) concerning update of statutory fee levels under CAD's purview; and (iv) amendments to the Dangerous Goods (Consignment by Air) (Safety) Regulations (Cap. 384A) and the Air Navigation (Dangerous Goods) Regulations (Schedule 16 to Cap. 448C) concerning safety standards on air carriage of dangerous goods. As the above legislative proposals involve various aspects of aviation operation, an additional DDGCA is needed to co-ordinate cross-divisional efforts in the legislative process, including policy research, engagement with stakeholders and the actual drafting of legislative proposals.

7. Furthermore, the application of unmanned aircraft systems (UAS) is becoming more popular in the community and, similar to overseas experience, there have been calls in Hong Kong for more systematic and effective regulation of UAS operations from the perspectives of safety and security. It is therefore necessary for CAD to review the regulatory regime applicable to UAS operations to make sure that it keeps pace with technological development and international best practice whilst being appropriate to the situation in Hong Kong. The proposed DDGCA(2) will lead and oversee the regulatory review, stakeholder consultation and any legislative amendment exercise if deemed appropriate.

Three-Runway System

8. While the Airport Authority Hong Kong (AAHK) is the proponent of the Three-Runway System (3RS) at the Hong Kong International Airport, CAD, as the regulator of air services and air traffic control service provider, plays a key role in working with AAHK in providing professional and technical support and advice in the process. The size of the 3RS project calls for on-going meticulous and

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strategic planning and co-ordination both within the Department as well as among various policy bureaux/departments and AAHK. Furthermore, to cope with the increased air traffic management demand arising from the 3RS, it is envisaged that CAD will require additional resources in terms of, for example, manpower and equipment. Whilst the existing DDGCA will focus on the professional and technical aspects of the 3RS project, the proposed DDGCA(2) will focus on resource planning and control, as well as public relations and political liaison. The work of DDGCA(2) will include, for instance, long-term resource/manpower planning and acquisition; communication and engagement with the LegCo, the Aviation Development and Three-runway System Advisory Committee, stakeholders and the general public; and participation in air space coordination work with the Mainland and Macao authorities. CAD is already undertaking these tasks well ahead of the construction work of the 3RS given the complexities involved. In view of the imminent commencement of the construction of 3RS, and greater involvement of CAD required in the planning and implementation process, there is an urgent need for an additional DDGCA post for handling the work of liaising with AAHK senior management and formulating longer-term manpower and resource planning of CAD (see also paragraph 9 below).

Manpower planning

9. Arising from the robust air traffic growth in recent years as well as the 3RS project, the staffing need for several professional grades in CAD, especially air traffic controllers and flight operations inspectors, is mounting. Specifically, a long lead-time (around six years) is required to train up a full-fledged air traffic controller from a fresh recruit and it is impracticable if not impossible for CAD to recruit experienced air traffic controllers readily from the market as CAD is the sole air traffic control provider in Hong Kong. Hence, a well thought-out long-term manpower planning is essential to maintaining a good and sufficient pool of air traffic controllers. In the case of flight operations inspectors who require high professional qualification and rich experience in flying aircraft, CAD faces keen competition from the private sector (which can offer better pay package) in recruiting qualified candidates. The Department has been reviewing the situation with a view to improving manpower planning to recruit and retain staff, e.g. through widening the pool of candidates without compromising safety requirements. In this connection, an additional DDGCA who is strong in administrative management is needed to take charge of manpower planning and development in CAD, such as conducting manpower review, devising new recruitment measures, and coordinating with relevant bureaux to seek additional resources as necessary, to ensure that there will be adequate and sufficient manpower supply to effectively discharge CAD's regulatory functions and services in the long term.

/Strengthening

Strengthening administrative supervision

10. CAD has been implementing various improvement measures in the light of the Audit Report and the Public Accounts Committee (PAC) Reports on CAD to strengthen internal control and to raise staff awareness of Government rules and regulations^{Note}. Nevertheless, it is considered that strong administrative and financial management at the senior directorate level in the Department would be essential to ensure that internal control is adequately and properly implemented on a sustained basis, especially at a time when CAD is implementing various key projects concurrently. Indeed, in response to the PAC Reports, the Government has committed to strengthening the senior management of CAD. The proposed additional DDGCA will need to oversee and lead the Administration Division (including public relations) and Finance Division of CAD, to ensure that work procedures, procurement strategy, project management and record documentation are compliant with Government policies and practices, and issues of concern are addressed with a systemic approach.

Civil Aviation Academy

11. As the local and regional aviation industries continue to flourish, it is incumbent upon Hong Kong to develop and maintain a sufficient supply of aviation professionals to entrench Hong Kong's position as a major aviation hub. To this end, the Chief Executive announced in his 2016 Policy Address that AAHK will establish a civil aviation academy. An academy in Hong Kong dedicated to aviation is a totally new concept. Whilst AAHK will be the owner and driver of this initiative, CAD, as the regulator of the aviation sector and a major provider of, and licensing authority for, various aviation-related professional services, would also have a vital role to play in the project, including course design, course certification, logistic support, and liaison with stakeholders. It will be necessary to have a senior representative from CAD with strong administrative skills and sufficiently high ranking to work closely with AAHK to monitor the project to ensure that the training provided by the academy meets the regulatory standards and industry's needs. This is especially so during the initial and formative stage of the civil aviation academy when the exact form, set-up, and direction should be well considered to ensure its success.

Need for the additional post to be ranked at AOSGB

12. The above tasks demand very strong administrative management and strategic competencies; the post holder should also be well-versed with government processes, procedures, regulations, human resource planning, etc. These considerations warrant the dedicated high-level input of a senior

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^{Note} Chapters 3 and 4 of the Director of Audit's Report No. 63, and Reports No. 63 and No. 63A of the PAC refer.

directorship officer from the Administrative Officer Grade who could provide the necessary steer and directives in drawing up rules and guidelines in respect of administrative and finance matters. The core skills possessed by an AOSGB, including political acumen, communication skills and policy analysis and formulation, would be a complementary asset to the professional/technical competencies of CAD's existing talent pool. Given the significance, urgency and complexity of the work outlined in the above paragraphs, we see a pressing and absolute need to create a supernumerary AOSGB post, to be designated as DDGCA(2), in CAD for about three years to handle the tasks. We consider that the post has to be created for a three-year period which is required to substantially complete the work relating to the ATC replacement project, legislative amendment exercises, manpower planning and strengthening administrative supervision. The duration of the post would also enable the proposed AOSGB to lay down the groundwork for the establishment of the civil aviation academy and planning for the 3RS. We will review the manpower requirement and organisational setup of CAD upon the expiry of the three-year period.

13. Upon the creation of the proposed supernumerary AOSGB post, the existing DDGCA will be re-designated as DDGCA(1). The new organisational setup will allow the existing DDGCA to concentrate on supervising the technical and professional operations of CAD, including its regulatory functions over the aviation industry and provision of air traffic control services, and providing professional guidance to CAD's various key initiatives.

14. As the new ATC system is at the final stage of preparation, a substantial amount of administrative and logistic planning is involved in the transition from the existing system to the new system. In the meantime, CAD, as the aeronautical authority and air traffic control service provider, plays a key role in the planning and preparation of the 3RS project at the Hong Kong International Airport. Given the urgent need to strengthen CAD's administrative management capacity at the top level, especially in the light of the above two major projects and related work such as the departmental submissions on 3RS to the judicial review cases, an AOSGB officer has been temporarily redeployed to CAD from within the Government, pending FC's deliberation on the proposed creation of the supernumerary AOSGB post.

Staffing support for the proposed post

15. In order for the proposed AOSGB to effectively steer the projects mentioned above, apart from the Administration and Finance Divisions, the Air Services and Safety Management Division (ASMD) will be put under the proposed AOSGB post to facilitate operation. Offices under ASMD include, among others, the Legal and International Relations Office (LIO), the Training and Development Office (TDO) and the Air Traffic Management Standards Office (ATMSO). LIO is

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responsible for coordinating legislative amendments matters of CAD. TDO is responsible for staff training and development, as well as matters relating to the civil aviation academy. ATMSO is, effectively, the internal auditor of CAD's air navigation services divisions. Under this organisational set-up, the proposed AOSGB could make the best use of the resources and expertise under ASMD in steering legislative amendment exercises, pursuing staff training and development initiatives as well as the establishment of the civil aviation academy under AAHK. Furthermore, a separate line of reporting of the ATMSO to a different DDGCA would improve the supervision of the other operational divisions by maintaining a higher level of independent checks and balances within CAD. The proposed organisation chart showing directorate and supernumerary posts under the proposed supernumerary AOSGB post in CAD is at Enclosure 1. The job description of the proposed supernumerary AOSGB post is at Enclosure 2.

Encl. 1

Encl. 2

16. In addition to support from existing staff in CAD, the AOSGB officer will be supported by four additional non-directorate staff on administration and clerical/secretarial aspects, including one Chief Executive Officer and one Senior Executive Officer, who will assist in the planning for resource management and deployment, mapping out strategies for manpower training and development, and carrying out procedural review with a view to devising improvement measures to enhance internal control as stated in the Audit Reports.

ALTERNATIVES CONSIDERED

Encls. 3 & 4

17. We have critically examined the possibility of re-deploying existing staff resources within CAD for the tasks. The DGCA is underpinned by one DDGCA (D3), five Assistant Director-Generals of Civil Aviation (D2) and 14 D1 officers from professional grades of Electronic Engineer, Operations Officer and Air Traffic Control Officer etc. The revised job description of the existing DDGCA (re-designated as DDGCA(1)) and the work portfolios of the five Assistant Director-Generals of Civil Aviation are at Enclosures 3 and 4. As shown in their job descriptions/work portfolios, these senior officers are all fully occupied with their own schedule of duties, covering air traffic control, aviation regulatory activities, administration of air services agreements and provision of air traffic control system services, as well as administration and financial management. It is expected that their workload will only increase in the years ahead with the commencement of the new ATC system, 3RS project, civil aviation academy and expansion of air services amid fast-growing air traffic. It is operationally not possible for the existing establishment to take up the high-level and urgent tasks mentioned above without adversely affecting the discharge of their current duties. Besides, as explained above, there is an imminent need for strengthening the Department's capacity in administrative and resource management, planning and control by creating an additional DDGCA post to be filled by an AOSGB officer. An additional deputy head can also share out the heavy workload of the incumbent DDGCA in housekeeping matters, allowing him to focus on the professional work of CAD.

/FINANCIAL

FINANCIAL IMPLICATIONS

18. The proposed creation of the supernumerary directorate post in CAD will incur an additional notional annual salary cost at mid-point of \$2,290,800. The additional full annual average staff cost, including salaries and staff on-cost, is about \$3,280,000. As regards the four supernumerary non-directorate posts mentioned in paragraph 16 above, the additional notional annual salary cost at mid-point will not exceed \$2,875,260. The full annual average staff cost, including salaries and staff on-cost, is about \$4,290,000.

19. We have included sufficient provision in the 2016-17 draft Estimates to meet the staff cost upon FC's approval of the above proposal, and will reflect the resources required in the Estimates of subsequent years.

PUBLIC CONSULTATION

20. We have consulted the LegCo Panel on Economic Development on 26 January 2016. Members generally supported the proposal.

BACKGROUND

21. The Audit Commission has conducted a review of the provision of office accommodation and facilities in the new CAD Headquarters, and a separate review on CAD's administration of the ATC and related services with a view to identifying room for improvement. The two reports were tabled at LegCo on 20 November 2014. PAC subsequently held hearings and issued reports on the subjects. The Director of Audit recommended that DGCA, in managing building works projects, should strengthen internal controls over compliance with Government regulations and guidelines, and take measures to raise the awareness of CAD staff on the need to comply with Government regulations and procedures in managing accommodation matters and public funds. PAC urged THB to step up its supervisory role to ensure the effective implementation of major projects by CAD in the future. In addressing the Government Minute to PAC, the Chief Secretary for Administration stated, *inter alia*, that to ensure the administrative management, resource planning, liaison and co-ordination work involved can be conducted effectively, the Government would consider allocating additional resources to strengthen the senior management of CAD.

ESTABLISHMENT CHANGES

22. The establishment changes in CAD for the past two years are as follows –

/Establishment

Establishment (Note)	Number of posts		
	Existing (As at 1 April 2016)	As at 1 April 2015	As at 1 April 2014
A	21 [#]	21	21
B	331	330	344
C	378	378	385
Total	730	729	750

Note:

- A – ranks in the directorate pay scale or equivalent, excluding supernumerary post created under delegated authority
- B – non-directorate ranks, the maximum pay point of which is above MPS point 33 or equivalent
- C – non-directorate ranks, the maximum pay point of which is at or below MPS point 33 or equivalent
- # – as at 1 April 2016, there was no unfilled directorate post in CAD

COMMENTS OF CIVIL SERVICE BUREAU

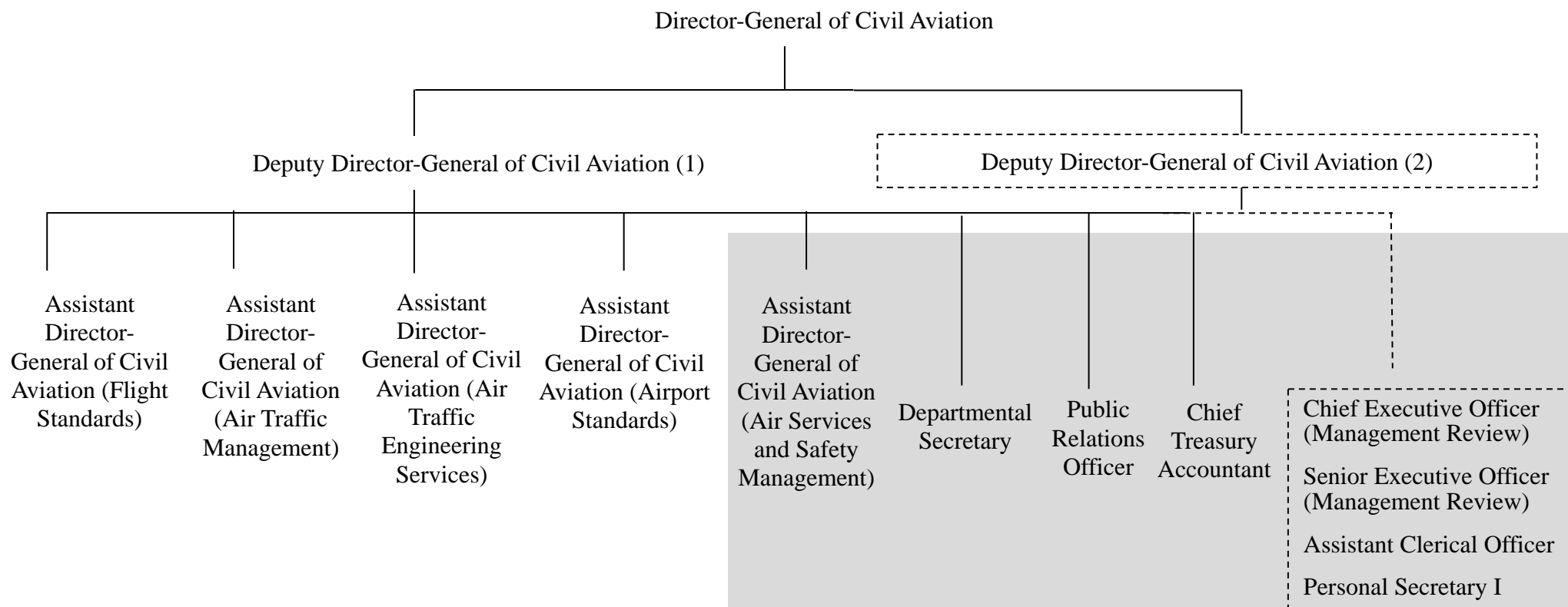
23. The Civil Service Bureau supports the proposed creation of a supernumerary AOSGB post in CAD to strengthen the Department's administrative control and management. The grading and ranking of the post are considered appropriate having regard to the level and scope of responsibilities.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

24. As the post is proposed on a supernumerary basis, its creation, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedures.

Transport and Housing Bureau
May 2016

Proposed Organisation Chart of Senior Directorate of Civil Aviation Department



 Supernumerary posts (including the AOSGB (D3) post proposed in this paper) to be created

 The departmental structure will be re-organised with the Air Services and Safety Management Division, Administration Division and Finance Division put under the proposed AOSGB (D3) post. The existing DDGCA will oversee the operations of the other four functional divisions.

**Proposed Job Description for the Post of
Deputy Director-General of Civil Aviation (2)**

Post title : Deputy Director-General of Civil Aviation (2)
Rank : Administrative Officer Staff Grade B (D3)
Responsible to : Director-General of Civil Aviation (DGCA)

Aim of the Post –

The proposed Deputy Director-General of Civil Aviation (2) will be tasked to oversee the administrative management of various key projects of Civil Aviation Department (CAD), and will help to strengthen the senior management of CAD.

Main Duties and Responsibilities –

1. To oversee the administrative work in preparation for the implementation of the new air traffic control system;
2. To map out a co-ordinated and strategic approach in taking forward various legislative proposals;
3. To oversee the preparation of CAD's submissions on the Three-Runway System (3RS) to the Legislative Council Sub-committee on 3RS;
4. To oversee the manpower planning and staff development matters of CAD, including to chair the CAD Departmental Consultative Committee;
5. To support DGCA in supervising the Administration Division and Finance Division in CAD;
6. To support DGCA in overseeing the operation of the Air Services and Safety Management Division;
7. To devise departmental rules and guidelines with regard to work procedures, prevailing guiding principles, policies and strategies on procurement, project management and record documentation and foster a culture of compliance in CAD;
8. To work closely with the Airport Authority Hong Kong on the detailed planning and implementation of the civil aviation academy project, including resource planning, co-ordination among bureaux/departments as well as engagement with the aviation industry and tertiary education sector; and
9. Any other duties assigned by DGCA.

**Revised Job Description for the Post of
Deputy Director-General of Civil Aviation (1)**

Post title : Deputy Director-General of Civil Aviation (1)
Rank : Deputy Director-General of Civil Aviation (D3)
Responsible to : Director-General of Civil Aviation (DGCA)

Main Duties and Responsibilities –

1. To support DGCA in overseeing the operation of four Divisions, namely, Flight Standards, Air Traffic Management, Air Traffic Engineering Services and Airport Standards Divisions;
2. To provide steer and guidance on airspace management, including to oversee Civil Aviation Department (CAD)'s coordination with Mainland and Macao authorities through the Tri-partite Working Group which aims to formulate measures to harmonise air traffic management arrangements in the Pearl River Delta region;
3. To represent CAD to participate in International Civil Aviation Organisation, International Air Transport Association and other international and regional organisations in relation to civil aviation matters;
4. To oversee schedule coordination matters for the Hong Kong International Airport, including to chair Schedule Advisory Committee Meetings;
5. To vet and make recommendations on project proposals, various requests for permissions and exemptions, air operators' certificates, airport licence review reports and departmental publications on civil aviation regulatory and safety matters for DGCA's consideration;
6. To oversee the technical work in preparation for the implementation of the new air traffic control system, including to chair a Steering Committee and participate in various progress meetings and discussion with the project team and contractor;
7. To serve as the alternate member of the Boards of the Airport Authority Hong Kong and Aviation Security Company Limited Hong Kong; and
8. Any other duties assigned by DGCA.

**Key Work Portfolios of
Assistant Director-Generals of Civil Aviation**

Assistant Director-Generals of Civil Aviation (ADGs), ranked at D2, are responsible for establishing policies and procedures to ensure civil aviation safety including implementation of Standards and Recommended Practices of International Civil Aviation Organisation (ICAO) Annexes and relevant legislative provisions of the Laws of Hong Kong in their respective subject areas, and for casting of divisional budget and efficient management of allocated financial and manpower resources. Subject areas of individual ADGs are summarized below.

2. ADG(Flight Standards) is responsible for regulations, safety standards and policies regarding the operation and maintenance of aircraft, licensing of flight crews and aircraft maintenance personnel. He issues certificates to aircraft and monitors holders of air operator's certificates. He inspects local and foreign aircraft and their respective flight crew for the compliance of ICAO safety standards. He also provides a pool of inspectors of aviation accidents.

3. ADG(Air Traffic Management) is responsible for overall management and planning of Hong Kong air traffic system, including the provision of air traffic control (ATC) service, flight information service and alerting/search and rescue service. He is also responsible for the overall planning and implementation, in conjunction with ADG(Air Traffic Engineering Services), of the new ATC system and facilities as well as their subsequent maintenance and enhancement to suit operational needs. He oversees the Hong Kong Schedule Coordination Office and also steers the coordination with neighbourhood civil aviation authorities on air traffic and airspace management related matters.

4. ADG(Air Traffic Engineering Services) is responsible for overall management and planning of air traffic engineering matters, including provision of communications/navigation/surveillance (CNS) and air traffic management (ATM) systems services and safety management system, as well as associated building services, electrical and mechanical systems and facilities. This includes studying and implementing satellite-based CNS/ATM systems in accordance with the ICAO Global Air Navigation Plan, and also the implementation of new, enhancement, replacement and maintenance of ATC system in conjunction with ADG(Air Traffic Management). He is also responsible for implementation of information and communications technology systems in line with e-government objective and establishing cyber security policy for ATC system.

5. ADG(Airport Standards) is responsible for the regulatory functions regarding aerodrome design and operations as well as aviation security matters. In addition, he is also responsible for establishing policies on and monitoring compliance with control of obstructions to air navigation, aerodrome licensing matters, and safe transport of dangerous goods by air, as well as enforcing and reviewing aviation security requirements and standards.

6. ADG(Air Services and Safety Management) is responsible for implementation of air services arrangements in Hong Kong, including monitoring the compliance by airlines with such arrangements and provision of advice and recommendations to the Government on policy in respect of development of air services to/from Hong Kong in relation to both scheduled and non-scheduled flights. He is responsible for overseeing Civil Aviation Department's legislative programme, including the consideration for new legislation, for example, the safe operation of unmanned aircraft system, or drones. He is also responsible for the coordination of departmental safety regulatory activities in accordance with ICAO Standards and Recommended Practices and the Hong Kong Safety Programme as well as the implementation of the ICAO Universal Safety Oversight Audit Programme. He also takes charge of ensuring the readiness and adequacy of the department's accident investigation activities in terms of manpower and facilities.
