

Chapter 7

Responsibilities

- A. ADSCOM
- B. AA Board
- C. AA Management
- D. HACTL
- E. Other views of the Select Committee

7.1 Having examined all the evidence available, the Select Committee has come to the following conclusions:

- (a) Most of the problems on AOD were clearly foreseeable.
- (b) The new airport was overall not ready for operation on AOD.
- (c) In particular, the problems of the two critical items, FIDS and HACTL, which seriously affected the smooth and efficient operation of the new airport on 6 July 1998 were not teething problems. These items were just not ready on AOD.
- (d) The key bodies, namely, ADSCOM, AA Board, AA Management, and HACTL, and some of the key persons of these bodies should take varying degrees of responsibilities for the chaos on AOD.

A. ADSCOM

7.2 ADSCOM was formed to oversee the construction of the projects under the ACP. This includes ensuring that the new airport was ready for opening on AOD for safe, smooth and efficient operation. Of all the key bodies concerned, ADSCOM has the most direct role in safeguarding the overall public interest, including economic interest and Hong Kong's prestige.

7.3 Regrettably, ADSCOM has failed to ensure that the airport was ready on AOD. This is all the more regrettable given the close and diligent monitoring, as is evident from the record, up to its decision to defer the April opening date. The Select Committee notes the considerable trouble ADSCOM went into in the period from September 1997 to January 1998 to establish the degree of operational readiness of the new airport. It called on the experience and expertise of Government officials, incorporating DCA as an advisor; it raised detailed and concrete questions with the AA Board; it caused the S for W to carry out an independent audit. Finally, exercising commendable caution and keeping the standard originally set, Chairman/ADSCOM decided to postpone the April opening date.

7.4 Yet the same high degree of care was signally missing with respect to the decision for the 6 July 1998 opening date. Had the question, "Will the new airport be ready to open on 6 July 1998?" been asked and explored with the same critical objectivity and the same level of monitoring been maintained with the new airport opening date of 6 July, the fiasco on AOD might well have been avoided.

7.5 Instead, ADSCOM let down its guards once the July airport opening date was fixed. The clear warnings of its consultants based on observations of actual developments, notably in the SITREPs of CPM/NAPCO, were consistently played down or ignored, and the views of the AA Management preferred.

7.6 This is irrational given ADSCOM's long-standing view of the AA Management. ADSCOM was consistently of the strong view that CEO/AA was weak, the AA Management was full of problems, its track record was poor,

it failed to keep promises, it changed its plans all the time; and that its reports were overly optimistic, full of qualified statements and generally unreliable. Comparing the vague and rosy terms of the AA reports to ADSCOM, and the factual, critical SITREPs in the same period, the Select Committee finds it inexplicable that the former should have been relied on and the latter brushed aside. No acceptable explanation was given to the Select Committee in spite of repeated questions on this issue.

7.7 ADSCOM knew very well that the AA Management was unsound. It was familiar with the problems due to CEO/AA's weak leadership and style of management, and the combination of the domineering personality of PD/AA and the compliant attitude of AMD/AA. It appreciated the threat this posed. The Select Committee finds ADSCOM's criticism of the AA Management largely justified. Yet ADSCOM failed to take effective action.

7.8 In this respect, although ADSCOM claims that it has no direct authority over the AA Management, as the Government is AA's sole shareholder, it can exert considerable influence through the AA Board and the Government officials serving as members of the Board. Yet ADSCOM did not use its influence as forcefully as it could.

7.9 For example, ADSCOM did nothing about CEO/AA. As far back as September 1996, the following view was recorded:

“The Chairman said that we should have a stiff word with CEO/AA in a different forum. There was no good for them to spring surprises on the AA Chairman or us. The Government was the AA's sole shareholder and must get them to be more forthcoming. After all, we had to bail them out. She suspected that the current problems had a lot to do with CEO/AA's management style. He should sit harder on his management. We might need to give him some form of ultimatum.”¹

Source:

¹ Notes of the 155th ADSCOM Meeting, 7 September 1996, paragraph 17.

7.10 Yet, from the evidence, nothing specific was done. Chairman/ADSCOM delivered no “ultimatum”. FS merely discussed with CEO/AA his concern about the progress. CEO/AA’s appointment was extended uneventfully in February 1997.

7.11 ADSCOM was completely aware that a fundamental problem with the AA Management directly affecting progress of the new airport was the domination of the Project Division over the Airport Management Division. It must have known the thrust of the restructuring following the consultants’ recommendation in October 1997 by adding a DCEO/AA post was to redress the imbalance. Chairman/AA’s request for the secondment of Mr Billy LAM must have that purpose in view.

7.12 Yet, when DCEO/AA was duly in post, he found that PD/AA remained outside his areas of responsibility, and reported directly and only to CEO/AA. From Chairman/ADSCOM’s evidence, she was aware that the purpose of the restructuring had been frustrated. Yet, ADSCOM did nothing about this at all. Thus in the crucial 6-month period before AOD, PD/AA still could not be brought to co-operating closely with the Airport Management Division.

7.13 On the special issue of FIDS, ADSCOM plainly did not exercise enough caution. Only a few members appreciated the complexity and level of sophistication of the systems, the propensity for things to go wrong and therefore the significance of adequate testing and training, and the drastic impact this could have on airport operations. DCA was the most notable exception. Many hid behind the excuse of not being “an IT expert”. The FS “believed that technically the system was not that complicated”.² Yet what was required was not IT expertise, but more serious efforts to have a sufficient grasp of the fundamentals in order to discharge the responsibility of monitoring progress.

Source:

² Notes of the 176th ADSCOM Meeting, 14 February 1998, paragraph 6.

7.14 ADSCOM had little appreciation of the significance of tests being left out or compressed. It did not understand the difference between reverting to a standalone mode and a Standby FIDS. It never appreciated what either of these options involved in practical terms.

7.15 CPM/NAPCO's reports giving warning against the readiness of FIDS were not listened to. When questioned by the Select Committee on this, Chairman/ADSCOM gave the reasons for ADSCOM's confidence as:

- (a) There was the fallback of returning to a standalone mode if the integrated FIDS failed;
- (b) There were workarounds and contingency plans including using white boards and telephone and fax;
- (c) There was a Standby FIDS;
- (d) In the last three trials of FIDS the results were successful; and
- (e) AA Management reported that FIDS was 98.7% reliable.

7.16 The Select Committee finds that, as a matter of fact, returning to the standalone mode had ceased to be an available option from February 1998, the contingency plans amounted to little more than reverting to manual operation foreseen to be grossly inefficient, the limits of the Standby FIDS were great, and the numerous problems of FIDS which had emerged in the third trial were only partially resolved.

7.17 On the information available to it, ADSCOM could have known most of these facts, or at least be on the alert to inquire further given the proper degree of appreciation of IT. Even on the 98.7% *reliability* which the Select Committee considers to be highly misleading, ADSCOM should have been more skeptical, but has instead allowed itself to be misled into a false sense of security.

7.18 The Select Committee notes that in spite of the authority it commands and the resources available to it, ADSCOM has not fully discharged its duty in ascertaining the readiness of the airport on AOD.

A1. Mrs Anson CHAN, Chief Secretary for Administration and Chairman/ADSCOM

7.19 As Chairman/ADSCOM, Mrs Anson CHAN inevitably takes a share of ADSCOM's credit as well as blame. The Select Committee notes from the notes of ADSCOM meetings that ADSCOM's mode of operation was such that decisions were made by the Chairman after hearing views from the members. Chairman/ADSCOM's responsibility must be measured in this context.

7.20 To the extent that she was misled by advice, Chairman/ADSCOM's responsibility is mitigated, though it remains with her. To the extent that she neglected or ignored advice, or placed on it the wrong weight, she must take full responsibility. Chairman/ADSCOM appeared to have allowed herself to be too easily persuaded by the AA Management following the postponement of the airport opening date to July 1998, where she should have been taking more pains to demand that by AOD the airport should be operating safely, smoothly and efficiently.

7.21 In addition, Mrs CHAN took on a very special personal responsibility. In the public hearing before the Select Committee, she made this statement: "The airport would open when it was ready and not before. We believed at the time it was ready for operation on 6 July. If at any time before this date there had been any indication that the airport could not cope with either the passenger or the cargo flow on the scheduled date, Government would not have hesitated to defer the opening date."³ She said that she would not have hesitated to make a recommendation to the CE to defer the opening. This is to be contrasted with her statement in her letter of 15 November 1997 to Chairman/AA:

"I should emphasize that the date, once announced, will be irreversible and everyone involved, AA Management and Board, franchisees and business partners and the Government must work whole heartedly towards the same goal."

Source:

³ Minutes of evidence of the 1st public hearing of the Select Committee, 21 September 1998, page 8.

7.22 Not only was the Select Committee surprised at Mrs CHAN's statement at the public hearing. Other witnesses also expressed surprise. The clear evidence is, no one involved was aware of any possibility of the airport opening date being postponed, apart from severe inclement weather. It was taken to be implicit that no change was possible, and everyone just had to do the best he could.

7.23 It is not unreasonable that Chairman/ADSCOM did not want to give anyone the idea that the airport opening date could be lightly postponed, and everyone should keep up the momentum. But if so, she assumed the personal responsibility to watch out for the indication she referred to, and for following up with investigation to evaluate whether there were any potentially serious problems. She did not do so, despite the many indications that could not have escaped her notice prior to AOD. In her evidence before the Select Committee, she took the position that it was for others to report to her if they had run into serious problems affecting AOD.⁴

7.24 In the Select Committee's view, it was not even a matter of "indications" only. Signs of unreadiness were everywhere. They deeply troubled people at the operations level. Their anxiety was communicated to their senior officers. If Chairman/ADSCOM was not aware of any of these signs, she must ask herself why.

7.25 The Select Committee is of the view that in so far as Chairman/ADSCOM failed to lead ADSCOM to fully assess the readiness of the new airport before deciding on a July airport opening date and, having so decided, failed to ensure that ADSCOM seriously consider all the signs of risk which might give cause for a deferral of AOD, she remains responsible.

Source:

⁴ Minutes of evidence of the 1st public hearing of the Select Committee, 21 September 1998, page 26.

A2. Mr KWONG Hon-sang, Secretary for Works

7.26 The Secretary for Works, Mr KWONG Hon-sang, had a unique and key role to play. He is a professional engineer, member of ADSCOM and the AA Board, Chairman of the AA Board's Project Committee, and has the administrative responsibility over NAPCO. No one was better placed to play a co-ordinating role; no one better placed to be effective and authoritative in giving advice to bring about necessary action. Unfortunately, Mr KWONG failed to meet these expectations.

7.27 On the crucial decision about the airport opening date, Chairman/ADSCOM and FS relied on his advice and professional judgment at the crucial ADSCOM meeting held on 8 December 1997. At that meeting, S for W said he had "over 90% confidence"⁵ in an April opening date. He also reported that "the problem with cargo-handling system at HACTL had been resolved." Of all the officials who responded to Chairman/ADSCOM's enquiry, he gave the most unequivocal support.

7.28 The Select Committee recognizes that it is possible to be mistaken without being blameworthy. This could not be claimed in the present case. S for W had the advantage of the audit report of a team of 11 in-house professionals. The report's overall conclusion was "cautious optimism". Many warnings and qualifications were given. It certainly does not justify a "90% confidence". More important still, the conclusion of the report was clearly based on a standalone mode FIDS (i.e. Build 1.5), and not an integrated, Build 2.0 version. S for W did not qualify his confidence accordingly. His assessment, as recorded, borders on being irresponsible:

"S for W clarified that what the Management referred to was the worst case scenario. The systems were over 90% tested, except in the case of Build 1.5. There was nothing wrong with the logic of Build 1.5. Some debugging might be required, and in their experience, the process would not take too long. His staff had also assessed Build 2.0 on delivery. They believed that there would not

Source:

⁵ Notes of the Special ADSCOM Meeting, 8 December 1997, paragraphs 14, 15, 17.

*be much problem. AA could start the training with Builds 1.2 – 1.4. As the logic of FIDS was sound, he was confident that the system would be alright.*⁶

7.29 It was fortunate that in spite of S for W's bullish attitude, Chairman/ADSCOM decided not to go along with it.

7.30 S for W admitted to the Select Committee that he had no particular expertise in IT⁷. Yet, in his various capacities in ADSCOM and on the AA Board, he made sweeping and, as it turned out, unfounded and mistaken statements on the airport systems. It appears to the Select Committee that ADSCOM was under the illusion all the way up to AOD that FIDS in the standalone mode was available as a fall back. This could have been in part due to the S for W's advice.

7.31 In March 1998, ADSCOM was troubled by the reported instability of FIDS and the lack of a standby system. In the meeting on 21 March, "S for W clarified that actually AA always had a standby system. They were proceeding with what they called the standalone system. According to information available, the fully tested standalone system would be available by July."⁸

7.32 He was, again, clearly wrong, thereby misleading ADSCOM on a crucial matter where his professional status and role in AA rendered his views authoritative. There is no evidence that he realised the mistake or had made efforts to verify the facts. The Select Committee finds the purpose of S for W's appointments has not been served, in the light of his lack of care in giving his advice.

7.33 S for W did not seem to have taken a proactive view of his position as Chairman of the AA Board's Project Committee to maintain an effective check on the progress of the airport projects which suffered serious slippages. According to his evidence before the Select Committee, he saw the Project

Source:

⁶ Notes of the Special ADSCOM Meeting, 8 December 1997, paragraph 10.

⁷ Minutes of evidence of the 28th public hearing of the Select Committee, 11 December 1998, page 49.

⁸ Notes of the 179th ADSCOM Meeting, 21 March 1998, paragraph 6.

Committee's role as confined to tender assessment and contract awards only.⁹ However, as pointed out in paragraph 5.3 of Chapter 5, S for W did not even have a proper understanding of the Committee's role and his own role as Committee Chairman.

7.34 The Select Committee concludes that, in so far as his roles as the co-ordinator of the airport project and as professional adviser to ADSCOM and the AA Board, S for W failed to fulfil these roles.

Source:

⁹ Minutes of evidence of the 28th public hearing of the Select Committee, 11 December 1998, page 3.

A3. Mr Billy LAM, as former Director/NAPCO (From 22 March 1993 to 4 January 1998)

7.35 Mr Billy LAM was appointed D/NAPCO on 22 March 1993. On 5 January 1998, he took up the position of DCEO/AA. At the same time, he has been a member of the AA Board since December 1995.

7.36 The Select Committee finds that Mr Billy LAM had tried to do a thorough job to monitor the progress of all the ACP projects by setting up many useful and effective management tools. Yet, in carrying out NAPCO's function as a watchdog over the airport project, he had not been forceful enough, in the face of PD/AA's autocratic style, to keep the project in check. In particular, he had failed to flag up CPM/NAPCO's concerns regarding the continuous delays in AA's construction works and in stressing the discrepancies between AA's progress reports and those of his own CPM. CPM/NAPCO's report dated 1 December 1997 on the progress of works was particularly telling, but there is no evidence that Mr LAM had conveyed the seriousness of the slippages enumerated in the report to ADSCOM.

7.37 Moreover, the Select Committee notes that at the ADSCOM Meeting on 2 January 1998, Mr Billy LAM, then D/NAPCO, was of the view that April 1998 was a realistic opening date subject to everyone pulling full weight.¹⁰ The Select Committee wonders why he had such confidence, given the assessments done by DCPM/NAPCO and CPM/NAPCO in November and December 1997 respectively. In giving his evidence before the Select Committee, Mr LAM said that there had been remarkable progress in the new airport project from August to December 1997, including works, training and systems and, according to AA's assessment at that time, the new airport would be ready to open in April 1998. Thus, although NAPCO had certain reservations on this view, in view of the progress made, Mr LAM considered that the airport could be ready to open in April. The Select Committee does not find this reply convincing. Mr LAM, as D/NAPCO, should not have neglected the importance of conveying CPM/NAPCO's concern to ADSCOM so that it could have a balanced view on whether April was a realistic opening date.

Source:

¹⁰ Notes of the Special ADSCOM Meeting, 2 January 1998, paragraph 6.

7.38 The Select Committee considers that as D/NAPCO, Mr Billy LAM failed to fully discharge his duty as the watchdog. He was not sufficiently alert to the risks over the progress of the new airport project and did not give adequate warnings to ADSCOM.

A4. Mr KWOK Ka-keung, Director/NAPCO (Since 5 January 1998)

7.39 Mr KWOK Ka-keung took over from Mr Billy LAM as D/NAPCO in January 1998. In his evidence before the Select Committee, he described NAPCO as “an alarm system” to draw ADSCOM’s attention to problems which might affect AOR.¹¹ Yet, what Mr KWOK did, it appears to the Select Committee, was to mute or play down the alarm this system raised. The Select Committee is compelled to form the view that he had little appreciation of what his duty was, let alone discharging it with the required vigour. He thereby let ADSCOM down during the crucial period before AOD.

7.40 To facilitate its task, NAPCO was supported by a highly experienced team of expert consultants from Bechtel. SITREPs were prepared to update information and assessment every week. Thus NAPCO was provided with independent technical advice. Yet, confronted with strongly critical advice in sharp contrast to the rosy pictures produced by the AA Management, Mr KWOK invariably preferred the latter. The optimistic view he reflected in ADSCOM meetings was at variance with the SITREPs.

7.41 Questioned by the Select Committee on the reason for his position, Mr KWOK’s answers suggested repeatedly that in his view, his own consultants were “pessimistic” and “conservative” simply because of their role as an alarm system. This amounted to an attack on their independence without any basis, but more importantly, their advice was thus disregarded.¹² On the other hand, on a critical issue such as the *reliability* of FIDS, Mr KWOK’s deference to AA was total:

“..... after all, they were the operators of the system. Therefore, they had a more thorough understanding of the system, as to how the system functioned. We, as a third party, can only look at the information from that angle.....”¹³.

Source:

¹¹ Minutes of evidence of the 3rd public hearing of the Select Committee, 26 September 1998, page 14.

¹² Minutes of evidence of the 3rd public hearing of the Select Committee, 26 September 1998, page 13.

¹³ Minutes of evidence of the 4th public hearing of the Select Committee, 28 September 1998, page 11.

7.42 He also believed that NAPCO's role vis-à-vis AA was to be co-operative and to provide professional advice to them. The Select Committee is quite at a loss as to why, with its role being to monitor AA independently, NAPCO could conceivably be providing "professional advice" to AA.

7.43 The Select Committee also finds Mr KWOK's understanding of AOR too simplistic and credulous as to be dangerous for a person in his role. In answer to the Select Committee's questions as to why he was confident that the airport was ready for opening in spite of so many alarming signs and problems, Mr KWOK's answer was, in sum, that the new airport could not be 100% free from problem. He also said that, since the problems had all been identified and everyone was doing his best to solve them, and the AA Management had given verbal assurance that they would be resolved, there was no reason not to maintain the airport opening date.

7.44 Further, he told the Select Committee:

"Of course, it would be best if all these problems could be satisfactorily resolved and, if some of these problems cannot be satisfactorily resolved, sometimes there can be certain remedial measures taken which would not unduly hamper the operation of the new airport.

*..... If the FIDS broke down and no flight information could be displayed, then they can actually indicate the flight information manually by writing on a whiteboard. Of course, that is not entirely satisfactory, but that is something you can do. If there are other operational problems with the mobile phone system, they can actually make use of other communication methods, for example, sending a messenger to deliver messages...."*¹⁴

7.45 The evidence speaks for itself.

Source:

¹⁴ Minutes of evidence of the 3rd public hearing of the Select Committee, 26 September 1998, page 15.

7.46 In relation to NAPCO's monitoring of the readiness of HACTL for AOD, Mr KWOK told the Select Committee that:

- (a) NAPCO did not have details of the system tests, trials and training conducted by HACTL;¹⁵
- (b) NAPCO did not have the details of the contract entered between AA and HACTL; and¹⁶
- (c) NAPCO still had confidence in the readiness of HACTL for operation on 6 July 1998 despite the facts that the SITREP dated 27 June 1998 stated that "the TOP is now at high risk to be achieved before 30 June" and that the TOP was only issued on 3 July 1998.¹⁷

7.47 Mr KWOK had no grasp of the actual situation of HACTL. For example, he admitted that he did not know that the tests and trials conducted by HACTL had often been hampered by unstable supply of electricity. Asked by the Select Committee why he had not asked for information from HACTL about their trials and training conducted, Mr KWOK said that he had not raised such requests because HACTL had never indicated that it had problems in these regards.¹⁸ Thus Mr KWOK's lack of concern did nothing to reduce ADSCOM's misplaced confidence in HACTL when NAPCO should, and could have done so.

7.48 The Select Committee considers that Mr KWOK Ka-keung has, throughout, misconstrued his role as D/NAPCO. He showed little real understanding of what was required to monitor and act as a watchdog of the progress of the new airport project, and therefore failed to discharge his duty.

Source:

¹⁵ *Minutes of evidence of the 4th public hearing of the Select Committee, 28 September 1998, page 69.*

¹⁶ *Minutes of evidence of the 4th public hearing of the Select Committee, 28 September 1998, page 50.*

¹⁷ *Minutes of evidence of the 4th public hearing of the Select Committee, 28 September 1998, pages 54 to 55.*

¹⁸ *Minutes of evidence of the 4th public hearing of the Select Committee, 28 September 1998, page 69.*

A5. Other comments by the Select Committee

7.49 Apart from the comments in the foregoing paragraphs, the Select Committee's overall view of ADSCOM was that it was generally well run and organized in its approach. It was a forum where views were clearly freely expressed. Though there was a tendency of some to accept a rosy picture, others had maintained a level-headed appraisal of AOR throughout.

7.50 The Select Committee notes particularly Mr KWONG Ki-chi, S for Tsy (1 April 1995 to 8 April 1998), who, though not directly involved in the construction of the new airport, was shrewd enough to make the right judgment at the crucial juncture to defer the airport opening date. Ms Maria KWAN, Deputy Secretary for economic Services, though not a member of ADSCOM, kept sight of critical training programmes and raised timely questions.

7.51 Mr Richard SIEGEL, DCA (up to 5 October 1998), though not an IT expert, nevertheless relied on his experience and common sense. He was among the few who saw how ambitious AA was in attempting a system as sophisticated as FIDS, having regard to the limited time available before AOD. He spoke forcefully on the side of caution and stood firm on his views. In the June 1997 EDS presentation on the development of FIDS, he did his best to safeguard the operation of the new airport by questioning the implications of a return to the standalone mode should the integrated FIDS fail. He also lent his voice to the setting up of a standby system for FIDS. While how useful the Standby FIDS would have been ultimately remains an open question, he was clearly right to insist. His taking over the works on crash alarm for PD/AA to enable the issuance of the aerodrome licence is commendable.

7.52 It is a pity that, on the issue of aircraft noise, Mr SIEGEL has to take the blame for failing to appreciate its impact on people living and working under the new flight paths after he became DCA in January 1996. The Select Committee is aware that the flight paths of the new airport were updated in 1994, before he became DCA. However, had he been more sensitive of community considerations, he would have taken the necessary steps to hold a consultation exercise to forewarn residents in areas likely to be affected, and to ensure that everything needed to be done was done to reduce the impact of aircraft noise before AOD. The Select Committee is pleased to note that CAD has since started to make efforts to address the issue.

B. AA Board

7.53 According to section 3 of the Airport Authority Ordinance, Chairman/AA shall consider AA's management affairs and, with the approval of AA Board, assign functions to CEO/AA. As AA Board has the duty to exercise care and management of the affairs of AA, the Select Committee considers that it has the responsibility for supervising the AA Management.

7.54 The Select Committee is of the view that the AA Board had failed to ensure that the new airport was ready for safe, smooth and efficient operation on AOD.

7.55 As discussed in the previous sections, the problems within the AA Management had existed for quite some years. Some of the problems were revealed in the management consultancy report by Booz · Allen & Hamilton issued on 20 October 1997:

- (a) "Senior Management has not exhibited consistent teamwork"¹⁹;
- (b) "Unclear roles and responsibilities have arisen as a result of fast pace of organizational evolution"²⁰;
- (c) "There is anxiety caused in the organization by a number of cases where there appeared to be a lack of transparent checks and balances. One area frequently cited is the handling of tenders, claims and variation orders"²¹;

Source:

¹⁹ "Building A World-Class Organisation – Airport Authority Hong Kong", Executive Summary, Booz · Allen & Hamilton, 20 October 1997, paragraph II. 2.

²⁰ "Building A World-Class Organisation – Airport Authority Hong Kong", Executive Summary, Booz · Allen & Hamilton, 20 October 1997, paragraph II. 3.

²¹ "Building A World-Class Organisation – Airport Authority Hong Kong", Executive Summary, Booz · Allen & Hamilton, 20 October 1997, paragraph II. 4.

- (d) “The Board believes that management recommendations are not always well thought-out and that some managers are not capable, forcing the Board into an “activist” role. Many senior managers feel that the Board is ‘micro-managing’”²²; and
- (e) “Mistrust grew between the Board and the management, negatively impacting top level decision making..... As a result, many critical, time-sensitive decisions either have not been made or have not been optimised.”²³

7.56 At the public hearing of the Select Committee on 24 September 1998, Mr WONG Po-yan, Chairman/AA, was asked to confirm whether the problems stated at paragraph 7.55(a) to (d) above did exist. Mr WONG said he did not consider the situation was as serious as that stated in the report.²⁴ In other words, he admitted that problems did exist. Regarding the second half of paragraph 7.55(e) above, Mr WONG said he knew that there were such cases.²⁵

7.57 In his evidence, Mr LO Chung-hing, Vice-Chairman (VC)/AA, agreed with the observation at paragraph 7.55(a) above,²⁶ i.e. “Senior Management has not exhibited consistent teamwork”. He considered that this problem was caused by the different styles and characters of the individual Directors. On paragraph 7.55(d) above, he pointed out that from time to time, papers prepared by the Management were returned by the Board, for example, when the Board considered that the papers were not well-written or the points of consideration were not thorough.²⁷

7.58 It is clear to the Select Committee that problems with the AA Management did exist but were not resolved. The AA Board had not taken effective action to rectify the situation.

Source:

²² “Building A World-Class Organisation – Airport Authority Hong Kong”, *Executive Summary*, Booz·Allen & Hamilton, 20 October 1997, paragraph II. 5.

²³ “Building A World-Class Organisation – Airport Authority Hong Kong”, *Final Report to the Board*, Booz·Allen & Hamilton, 20 October 1997, page II - 5.

²⁴ *Minutes of evidence of the 2nd public hearing of the Select Committee, 24 September 1998, page 17.*

²⁵ *Minutes of evidence of the 2nd public hearing of the Select Committee, 24 September 1998, page 35.*

²⁶ *Minutes of evidence of the 26th public hearing of the Select Committee, 5 December 1998, page 99.*

²⁷ *Minutes of evidence of the 26th public hearing of the Select Committee, 5 December 1998, page 102.*

7.59 The handling of the following issues clearly shows the ineffectiveness of AA Board.

Dr Henry TOWNSEND's performance

7.60 In respect of Dr Henry TOWNSEND, Mr Wong Po-yan said he had trust in him and did not feel that he was incapable. He did not consider Dr TOWNSEND as the kind of person who would present a better than real picture.²⁸ Mr WONG also confirmed that the Government had not talked to him directly about Dr TOWNSEND's performance.²⁹

7.61 Mr WONG Po-yan's views on Dr TOWNSEND's performance differed from those of ADSCOM and the evidence available to the Select Committee. The Select Committee wonders whether Mr WONG really does not appreciate the crux of the problems or he is trying to protect his CEO. In any case, the Select Committee is of the view that when Dr TOWNSEND's contract with AA was due for renewal in February 1997, the relevant authority should have seriously considered the merits of renewing the contract or at least, discussed his performance with him. In this aspect, there is conflicting evidence from Mr WONG Po-yan, Mr LO Chung-hing, Mrs Anson CHAN and Mr Donald TSANG:

(a) Evidence given by Mr WONG Po-yan, Chairman/AA

- (i) Mr WONG confirmed that neither Mrs Anson CHAN nor Mr Donald TSANG had discussed with him as a serious or specific topic the performance of Dr TOWNSEND. He also said that Dr TOWNSEND's performance might have been casually mentioned on one or two occasions during the many conversations throughout the years, but he did not remember any detail;³⁰ and

Source:

²⁸ Minutes of evidence of the 2nd public hearing of the Select Committee, 24 September 1998, pages 14 and 18.

²⁹ Minutes of evidence of the 2nd public hearing of the Select Committee, 24 September 1998, page 22.

³⁰ Letter dated 22 December 1998 from Mr WONG Po-yan, Chairman/AA, to Clerk to the Select Committee, page 1.

(ii) Mr WONG confirmed that at the time of renewal of Dr TOWNSEND's contract in 1997, he had neither directly discussed Dr TOWNSEND's performance with him nor asked any person to discuss it with him. However, Mr WONG said he had expressed to Dr TOWNSEND the strong wish to have the airport ready for operation in April 1998 and that stronger leadership, more hands-on and effective actions and extra efforts were required of him.³¹

(b) Evidence given by Mr LO Chung-hing, VC/AA

Mr LO said that the Board had considered, though not very seriously, replacing Dr TOWNSEND upon the completion of his contract in 1997, but finally decided not to do so as it was not easy to find a suitable replacement at that critical time before airport opening.³²

(c) Evidence given by Mrs Anson CHAN, CS and Chairman/ADSCOM

(i) At the public hearing of the Select Committee on 12 December 1998, Mrs Anson CHAN said that she did not think that the situation was so serious that Dr TOWNSEND had to be replaced. However, Mrs CHAN believed that FS and Chairman/AA had considered this matter but they had not made any decision on termination. She also said that concerning Dr TOWNSEND's performance, in particular the works progress, she and FS had from time to time talked to Chairman/AA and, as far as she knew, the AA Board had followed this matter up;³³

Source:

³¹ Letter dated 22 December 1998 from Mr WONG Po-yan, Chairman/AA, to Clerk to the Select Committee, page 2.

³² Minutes of evidence of the 26th public hearing of the Select Committee, 5 December 1998, pages 131 and 132.

³³ Minutes of evidence of the 29th public hearing of the Select Committee, 12 December 1998, pages 9 and 12.

- (ii) Regarding the renewal of Dr TOWNSEND's contract, Mrs CHAN said she had neither discussed this matter with the then Governor nor directly with Chairman/AA. As far as she knew, FS discussed this matter with Chairman/AA from time to time;³⁴ and
- (iii) Mrs Anson CHAN subsequently told the Select Committee that knowing Dr TOWNSEND's weaknesses, she had encouraged Chairman/AA and the AA Board to critically examine the AA Management's reports, to ask probing questions and to seek definitive assurances from them.³⁵
- (d) Evidence given by Mr Donald TSANG, FS
- (i) At the public hearing of the Select Committee on 9 December 1998, Mr TSANG said that ADSCOM had not considered requesting AA to consider dismissing anyone;³⁶ and
- (ii) Mr TSANG subsequently told the Select Committee that he had talked to Chairman/AA from time to time on the progress of the new airport project and other aspects of AA's works. While occasionally touching on the performance of Dr TOWNSEND and AA's senior management, those discussions were mainly aimed at exchanging views on how problems in the delivery of the airport project should be tackled. Mr TSANG considered that whether Dr TOWNSEND needed to improve his performance and what follow-up action, if necessary, should be taken was a matter for the AA Board.³⁷

Source:

³⁴ Minutes of evidence of the 29th public hearing of the Select Committee, 12 December 1998, page 16.

³⁵ Letter dated 21 December 1998 from Mrs Anson CHAN, CS and Chairman/ADSCOM, to Clerk to the Select Committee, page 1.

³⁶ Minutes of evidence of the 27th public hearing of the Select Committee, 9 December 1998, page 14.

³⁷ Letter dated 22 December 1998 from Mr Donald TSANG, FS, to Clerk to the Select Committee, page 1.

7.62 The Select Committee is persuaded that consideration had been given to replacing Dr TOWNSEND but finally it was decided not to do so. Such being the case, and given the lack of leadership and the level of competence of CEO/AA, the AA Board should have then taken effective action to ensure that the AA Management achieved the safe, smooth and efficient operation on AOD. The Select Committee finds it strange that the AA Board did not take resolute action to deal with the management problem thoroughly, including replacement and restructuring.

Secondment of Mr Billy LAM to AA as DCEO

7.63 The Select Committee notes that as recommended by the management consultancy report, AA created a DCEO post in January 1998. The Select Committee notes that at the request of Chairman/AA, CS agreed to second Mr Billy LAM, then D/NAPCO, to AA as DCEO.

7.64 The Select Committee believes that the AA Board, having decided to renew Dr TOWNSEND's contract in February 1997, considered it necessary to have a DCEO to make up for his deficiencies.³⁸ However, the Board failed to ensure that Mr Billy LAM was vested with the authority to do so. According to Mr LAM, before his secondment to AA in January 1998, neither the CS nor Chairman/AA had spoken to him specifically about his duties as DCEO in detail or given him a detailed description of duties and the line of command. It was only after his assumption of duty that he became aware that Mr OAKERVEE, PD/AA, was reporting directly to Dr TOWNSEND.³⁹

7.65 The Select Committee finds the way the AA Board handled Mr Billy LAM's secondment defeats the purpose and exposes how ineffectual its intervention proved.

Source:

³⁸ Minutes of evidence of the 26th public hearing of the Select Committee, 5 December 1998, page 130.

³⁹ Letter dated 22 December 1998 from Mr Billy LAM, CEO/AA, to Clerk to the Select Committee.

Mr Chern HEED's performance

7.66 Mr LO Chung-hing also pointed out that as the management style of Mr Chern HEED, AMD/AA, was too soft, arrangements were made for Mr Howard ENG to serve as Deputy AMD/AA to assist him.⁴⁰ The Select Committee notes that this is yet another ineffectual measure.

April opening date

7.67 Though the AA Board was aware of the problems of the Management, the Board still put trust in the Management and accepted its assurances that the airport would be ready for an April opening date, and made a recommendation to ADSCOM accordingly. As revealed in Chapter 4, the two critical items, FIDS and HACTL, were far from ready for operation in April. The AA Board should be held responsible for making such a risky recommendation to ADSCOM. It is difficult to imagine what would have happened, if the new airport were opened in April 1998.

AA Board and Committees on AOR

7.68 The Select Committee notes that the AA Board set up a number of committees for the purpose of monitoring the progress of AOR on a regular basis. In addition, a number of task forces, working groups and steering committees were formed to oversee particular aspects of AOR. However, the proliferation of these groups seemed to have caused a measure of confusion.

7.69 For example, Chairman/AA, VC/AA, and S for W who is a Board member, have different understanding of which committee should be responsible for monitoring the progress of FIDS:

Source:

⁴⁰ Minutes of evidence of the 26th public hearing of the Select Committee, 5 December 1998, page 136.

(a) Evidence given by Mr WONG Po-yan, Chairman/AA

- (i) At the public hearing of the Select Committee on 24 September 1998, Mr WONG said that the progress of FIDS was monitored by the Project Committee;⁴¹
- (ii) Mr WONG subsequently informed the Select Committee that the Project Committee did not have a specific and regular monitoring role over the progress of FIDS. However, it did from time to time review and consider issues relating to FIDS and its progress. The AOR Steering Committee did not have an explicit and specific duty to monitor the progress of FIDS. However, as the progress of FIDS was covered by the AOR Progress Reports or Status Reports, the AOR Steering Committee did in the course of review of AOR Status Reports regularly reviewed the progress of FIDS and its related issues. Since February 1998, because of the imminence of AOD, the AOR Status Reports were directly submitted to and reviewed by the Board.⁴²

(b) Evidence given by Mr LO Chung-hing, VC/AA

Mr LO Chung-hing said that the FIDS project was monitored by the Project Committee.⁴³

Source:

⁴¹ Minutes of evidence of the 2nd public hearing of the Select Committee, 24 September 1998, page 39.

⁴² Letter dated 22 December 1998 from Mr WONG Po-yan, Chairman/AA, to Clerk to the Select Committee, pages 3 and 4.

⁴³ Minutes of evidence of the 26th public hearing of the Select Committee, 5 December 1998, page 37.

(c) Evidence given by Mr KWONG Hon-sang, S for W

In his evidence, Mr KWONG Hon-sang, S for W and Chairman of the Project Committee, said that Mr LO Chung-hing was wrong to say that the progress of FIDS was monitored by the Project Committee. He pointed out that the subject was regularly discussed at the meetings of the Board, AOR Steering Committee and the Project Monitoring Group.⁴⁴

7.70 This suggests that the progress of FIDS was meant to be monitored by the Board and a number of committees, but the role of each of them over the subject was not well-defined. As a result, the subject was covered by various reports and discussed at various meetings, without anyone being very clear what was required to be done or who should be responsible for what.

Source:

⁴⁴ *Minutes of evidence of the 28th public hearing of the Select Committee, 11 December 1998, pages 5 and 7.*

B1. Mr WONG Po-yan, Chairman/AA

7.71 Mr WONG Po-yan was appointed Chairman/AA since the establishment of AA on 1 December 1995.⁴⁵ Apart from the AA Board Meeting, he also chairs the weekly “Chairman Meetings” attended by VC/AA and members of the senior management, including CEO/AA, DCEO/AA, PD/AA and AMD/AA.

7.72 It is the Select Committee’s view that Mr WONG had very inadequate understanding of the situation and little grasp of the complexity of the whole project. His evidence was that he implicitly trusted the AA Management and thought things were going well generally. If so, he could not have gone on maintaining this view after Chairman/ADSCOM’s letter to him of 15 November 1997. Thereafter, he realized the importance of monitoring the progress of the project more closely. He then directed the AA Management to prepare Weekly Status Reports for discussion in Chairman Meetings and the Reports were to be signed by CEO/AA, PD/AA and AMD/AA. Despite this, his understanding remained inadequate.

7.73 Mr WONG was not aware of the fact that the “98.7% *reliability*” of FIDS as reported by the AA Management only referred to the *availability* of the host servers and display servers. He was also not aware that the Standby FIDS needed 30 to 45 minutes to switch on. He told the Select Committee that if he had known this, he would not have accepted the Standby FIDS.⁴⁶ In fact, he was under the impression that it could switch on instantaneously. Because of his lack of understanding, Mr WONG had been misled by the AA Management on various occasions. He was therefore not able to have an objective assessment of whether the new airport would be ready for safe, smooth and efficient operation on AOD. The Select Committee cannot accept this and concludes that Mr WONG as Chairman/AA, should be held responsible for not having taken effective action to supervise the AA Management but instead,

Source:

⁴⁵ Witness Statement of Mr WONG Po-yan, Chairman/AA, to the Select Committee, 7 October 1998, paragraph 1.

⁴⁶ Minutes of evidence of the 2nd public hearing of the Select Committee, 24 September 1998, page 83.

allowed himself to be manipulated with the result that he and the AA Board were misled on the operational readiness of the new airport to open in April and July 1998.

7.74 Mr WONG acknowledges before the Select Committee that he must accept responsibility, and he openly apologizes to the public for the chaos on AOD.⁴⁷ The Select Committee does not doubt his sense of responsibility. However, it remains true that he fell short of what the public had a right to expect of someone in his position.

Source:

⁴⁷ *Minutes of evidence of the 2nd public hearing of the Select Committee, 24 September 1998, pages 5 and 19.*

B2. Mr LO Chung-hing, Vice-Chairman/AA

7.75 Mr LO Chung-hing was a member of the AA Board since its establishment on 1 December 1995. He was then appointed Vice-Chairman of AA (VC/AA) on 1 April 1996.⁴⁸

7.76 As VC/AA, Mr LO chaired two Board committees, namely, the Finance Committee and the AOR Steering Committee. He also attended the Chairman Meetings and participated as a member in three other Board committees, namely, the Business Development Committee, the Human Resources Committee and the Project Committee.⁴⁹

7.77 Mr LO's main responsibility as VC/AA was to assist Chairman/AA to discharge his duties effectively. Pursuant to the Airport Authority Ordinance, he acted in the place of Chairman/AA when the latter was absent from Hong Kong or was unable to act as Chairman. In the run up to AOD in 1998, he chaired half of the Board meetings. Mr LO shared the leadership and therefore responsibility with Chairman/AA. Together with the Chairman/AA, he should also be held responsible for the AA Board's failure in taking effective action to supervise the AA Management to ensure that the new airport was ready for safe, smooth and efficient operation on AOD.

Source:

⁴⁸ Witness Statement of Mr LO Chung-hing, VC/AA, to the Select Committee, 26 November 1998, paragraph 1.

⁴⁹ Witness Statement of Mr LO Chung-hing, VC/AA, to the Select Committee, 26 November 1998, paragraph 2.

C. AA Management

7.78 It is a plain and inescapable conclusion that the AA Management bears the greatest and most direct responsibility for the fiasco on AOD. In the Select Committee's view, the AA Management mismanaged the project. It also consistently misinformed and misled the AA Board and ADSCOM and tried to keep the true and full picture from them.

7.79 The main causes of mismanagement are its organisation structure, the management style of CEO/AA and personality of key persons.

7.80 On organisation structure, it is no secret that the Project Division dominated. The Project Division had control over all projects including systems development. PD/AA was accountable to no one except CEO/AA. Under the weak management of CEO/AA, the Project Division had a free run of virtually the entire airport project. The Airport Management Division, the user department ultimately responsible for the operations of PTB, was given little or no role until late 1997, and did little about it. There was a lack of communication, co-ordination and cooperation between the divisions and departments. Committees, teams, task forces, and such like groups proliferated, but as their authority and responsibilities were unclear, in most cases there was much talk but in fact little was resolved.

7.81 The Select Committee accepts that it was reasonable for the organisation structure and management to be "project-driven" to a certain extent in the earlier phases of the airport construction, but the extent to which PD/AA dominated was excessive. The ills became all too clear as time went on. Fatally, when the stage arrived when the organisation's conversion to being operation or management driven could not be further postponed, the AA Management failed in that task.

7.82 After the restructuring of the AA Management in January 1998, Mr Douglas OAKERVEE and Mr Kiron CHATTERJEE still reported directly to CEO/AA, bypassing the new DCEO/AA. The evidence before the Select Committee was that the DCEO/AA post was created to assist the change to achieve a more operations and services-driven management. However, Mr Billy LAM stated that he became aware that Mr OAKERVEE would not be under his supervision only after he took up the post. Thus the purpose of the restructuring was frustrated.

7.83 The mismanagement on the part of CEO/AA and its consequence were so blatant as to be a matter of constant comment in ADSCOM from an early stage. The following are some examples:

(a) ADSCOM Meeting on 22 June 1996

CPM/NAPCO said that he was slightly worried that the AOR programme was not being properly managed. Chairman/ADSCOM asked how serious the personality issues were. FS remarked that CEO/AA should be held responsible for ensuring that his team was effective.⁵⁰

(b) ADSOCM Meeting on 7 September 1996

“The Chairman said that we should have a stiff word with CEO/AA in a different forum. There was no good for them to spring surprises on the AA Chairman or us. The Government was the AA’s sole shareholder and must get them to be more forthcoming. After all, we had to bail them out. She suspected that the current problems had a lot to do with CEO/AA’s management style. He should sit harder on his management. We might need to give him some form of ultimatum.”⁵¹

Source:

⁵⁰ Notes of the 152nd ADSCOM Meeting, 22 June 1996, paragraph 15.

⁵¹ Notes of the 155th ADSCOM Meeting, 7 September 1996, paragraph 17.

(c) ADSCOM Meeting on 20 September 1997

D/NAPCO observed that the Airport Management Division of AA “should be in the driving seat of the airport project at this point in time, but because of the personalities involved, it was being pushed round parameters set by the Project Division and had yet to gear itself up.”⁵² DD/NAPCO added that CEO/AA should, but did not, quickly and firmly resolve the problem.

(d) ADSCOM Meeting on 13 October 1997

Chairman/ADSCOM enquired about the relationship between PD and AMD. Mr JESUDASON, Divisional Manager – Planning & Scheduling of the Project Division of AA, responded that their relationship was getting better every day. Chairman/ADSCOM stated that she wanted the two divisions to work in concert towards the target. She instructed CEO/AA to keep a close watch on the situation and to sort out any difficulties between them promptly.⁵³

(e) ADSCOM Meeting on 7 November 1997

DCA said he had “no faith in the top management of AA. The project was driven by PD/AA who always tried to bulldoze his way through. CEO/AA was not in control and the organization was not functioning as it should.” SES and DCA both found it necessary to strengthen the AA management.⁵⁴

Source:

⁵² Notes of the 170th ADSCOM Meeting, 20 September 1997, paragraph 5.

⁵³ Notes of the 171st ADSCOM Meeting, 13 October 1997, paragraph 24.

⁵⁴ Notes of the Special ADSCOM Meeting, 7 November 1997, paragraphs 3 and 17.

7.84 As for misleading presentation and misinformation, the AA Management's papers to ADSCOM and the AA Board were vague and painted glowing pictures more with assurances and hopes than concrete facts. The Select Committee finds itself in complete agreement with the dissatisfaction expressed in ADSCOM's notes of meetings. More than that, the AA Management had materially misled ADSCOM on FIDS, in particular in:

- (a) Not informing ADSCOM of the decision to cancel FAT and its significance; indeed, when Mr TSUI King-cheong for PD/AA had already signed an agreement to cancel FAT in the Chairman/AA Board's reply to Chairman/ADSCOM on 10 December 1997, the test was presented as still on course;
- (b) Failing to inform ADSCOM when the standalone mode of FIDS was no longer available; and
- (c) Failing to explain in full the limits of Standby FIDS.

7.85 On HACTL, while the Select Committee does not accept that ADSCOM was entitled to rely entirely on the AA Management's assurance for its franchisee's readiness on AOD, the main responsibility must be on AA. The Franchise Agreement provides AA with ample legal right and powers to inquire into HACTL's progress and intervene, if necessary, to ensure adequate progress. The AA Management knew of the slippages and problems of HACTL. It chose not to supervise more rigorously. It must bear the consequences.

7.86 The Select Committee considers the AA Management reckless and irresponsible in urging ADSCOM to decide on an April opening date, knowing better than anyone how many vital issues were still outstanding:

- (a) On FIDS - at that point, AA cancelled FAT due to lack of time. Build 2.0 was being re-scheduled to 15 January 1998 for SATs; AA Management was fully aware of the risks; and
- (b) On HACTL - AA knew that there was only a 50% chance of HACTL achieving 50% capacity by April 1998.

7.87 The best that can be said of such a recommendation was that it was leading ADSCOM into taking a chance. Had ADSCOM accepted the recommendation, the disaster would have been even greater and harder to recover from. However, even though ADSCOM decided against the recommendation, the unequivocal assurance on which it was based nevertheless left its effect. As Chairman/ADSCOM was to tell the Select Committee, since AA Management was so confident of being ready for an April opening date, a further three months must mean they would be all the more ready.

C1. Dr Henry TOWNSEND, Chief Executive Officer/AA (Up to 30 November 1998)

7.88 As CEO/AA, head of the AA management and key person with overall responsibility for driving the new airport project, Dr Henry TOWNSEND's responsibility for the chaos is unanswerable. He is a professional engineer who spent 30 years with Bechtel, an engineering construction group with worldwide operations. In early 1990, he became Bechtel's Consultant Project Manager to the Government on ACP. In February 1993, he was seconded to PAA as CEO. Then in February 1994, he retired from Bechtel and joined PAA as CEO. In February 1997, the term of his appointment as CEO/AA was extended up to the end of November 1998.⁵⁵ It was admitted by Dr TOWNSEND that he had no experience in airport projects.

7.89 The Select Committee feels strongly that Dr TOWNSEND did not provide the right level of leadership to the AA Management. As the evidence shows:

- (a) He failed to assume proper control of management;
- (b) He failed to resolve the personality problems threatening management efficiency;
- (c) He failed to set up an effective management structure and build up team work.

These are serious deficiencies in a CEO. The reservations of the AA Board and ADSCOM on Dr TOWNSEND's performance were discussed in paragraphs 7.61, 7.62 and 7.83.

7.90 In his evidence before the Select Committee, Dr TOWNSEND showed a singular reluctance to acknowledge his responsibility as a decision-maker. He insisted on describing himself as being only "involved" in making a

Source:

⁵⁵ Witness statement of Dr Henry TOWNSEND, CEO/AA, to the Commission of Inquiry on the New Airport, paragraphs 1, 2, 4 and 5.

decision. It is significant that on AOD, as problems snowballed, he was absent from the helm. He left it to his senior managers and their staff to cope with the situation the best they could.

7.91 The Select Committee notes that, as a regular attendant of AA Board and ADSCOM meetings reporting on behalf of the AA Management, Dr TOWNSEND failed to inform ADSCOM of the true situation. Although it was suggested that he may not have been aware of the true situation himself, the Select Committee finds it hard to believe that he did not know, as CEO, that the information was faulty.

7.92 One clear example is the report to AA Board meeting of 25 June 1998 that FIDS was 98.7% “*reliable*”.

7.93 Two papers were submitted for the meeting. On the face of the documents, there was a discrepancy. In AA Board Paper 179/98 on Progress on Works Programme, the statement was that, with reference to 4 days testing of the hardware starting 14 June 1998, the “*availability*” of the two host servers was in excess of 98%. In the AOR Progress Report for the same meeting, the statement was that FIDS was 98.7% “*reliable*”.

7.94 Dr TOWNSEND knew that over 98% “*availability*” of the host servers did not mean FIDS was 98.7% reliable at all. He should know the statement in the AOR Progress Report was a mistake. Yet he failed to draw the AA Board’s attention to it. The notes of the AA Board meeting recorded CEO/AA to have said that FIDS was “satisfactory” 98.7% of the time.⁵⁶

7.95 The same information contained in the AOR Progress Report was submitted to ADSCOM’s meeting on 24 June 1998. Dr TOWNSEND made no attempt to disabuse ADSCOM of the misimpression which, in her evidence before the Select Committee, Chairman/ADSCOM said she believed to be true at that time. The evidence of Chairman/AA was to the same effect.

Source:

⁵⁶ Minutes of the 43rd AA Board Meeting, 25 June 1998, paragraph 2.2.1.

7.96 Asked whether he should have pointed out to Board members that 98.7% should refer to *availability*, Dr TOWNSEND's answer to the Select Committee was: "I believe from the vantage of hindsight it would have been more helpful if I had made that comment, yes."⁵⁷

7.97 This example also illustrates the deplorable way in which Dr TOWNSEND handled his duty of keeping AA Board and ADSCOM informed.

7.98 The Select Committee considers that Dr TOWNSEND has failed in his duty to provide comprehensive support to the AA Board, whose Chairman and members do not serve the AA full time. He has also failed in his duty to provide leadership to direct the AA Management to fulfill its responsibilities. His tendency of using positive and rosy expressions in his reports to gloss over slippages and problems in the construction of the new airport and not providing all the facts and essential information in his reports has resulted in the AA Board and ADSCOM being misled. It is the conclusion of the Select Committee that his appointment as CEO/AA was a grave mistake, which was perpetuated by the AA Board's failure not to consider seriously other options than renewing his contract in February 1997.

Source:

⁵⁷ *Minutes of evidence of the 21st public hearing of the Select Committee, 24 November 1998, page 53.*

C2. Mr Billy LAM, Deputy Chief Executive Officer/AA (From 5 January to 30 November 1998)

7.99 Mr LAM took up the job of DCEO/AA on secondment from the Government in January 1998. Part of his duties was to organize the relocation of the airport from Kai Tak to Chek Lap Kok and this assignment occupied much of his time. The relocation was a massive operation, involving numerous organizations, both Government and non-Government, and all the three modes of transport, and it required extremely careful and thorough preparation. The success of the operation without mishap reflects Mr LAM's organising abilities and commitment to his responsibilities.

7.100 It is most unfortunate that the same attention and thoroughness was not applied to the problems relating to AOR. Mr LAM admits that his role as DCEO/AA was different from that of D/NAPCO whose job was to monitor the progress of all the ACP projects, including the new airport. As DCEO/AA, he had to work to the target of opening the airport on AOD and if some tasks, for example, in training, could not be achieved in one way, he just had to find another way of achieving it.

7.101 Although Mr LAM was the second in command in AA, with responsibility over AMD, he had not carried out a thorough risk assessment of opening the new airport in the face of the problems that he was aware of. Furthermore, he should also have ensured that comprehensive contingency plans, not simply workarounds, were in place to deal with possible problems on AOD. There were indeed separate contingency plans developed for various systems, as he produced to the Select Committee. But on scrutiny it is clear that these were developed late in the day, without any attempt to assess their overall adequacy, or to make sure that all concerned were aware of their existence. This was in sharp contrast against the organized way in which Mr LAM handled the relocation exercise.

7.102 Mr LAM was not aware of the fact that 45 systems that AA was installing for the Government had not been completed by 4 July 1998, two days before AOD. He said that his colleagues did not draw the outstanding items to his attention. The Select Committee considers that he should have checked all

the outstanding works upon his resumption of duty after his sick leave in preparation for AOD.

7.103 The Select Committee takes into account the fact that Mr LAM injured his leg in March 1998 and was on sick leave from 12 March to 15 June 1998. His efforts to carry on with his duties to the extent he was able to do so during his sick leave are commendable. However, overall the Select Committee considers that Mr LAM should have been alert to the impact of the problems with the facilities and systems, especially FIDS, on the safe, smooth and efficient operation of the new airport on AOD.

7.104 The Select Committee considers Mr LAM should share some of the responsibilities for the chaos in the new airport on AOD.

C3. Mr Douglas OAKERVEE, Project Director/AA (Up to December 1998)

7.105 Mr Douglas OAKERVEE, PD/AA, had the heaviest responsibility in the AA Management as the Project Division covered not only the physical works, but also with systems design and development. He was also responsible for monitoring the progress of HACTL. He had spent 23 of his 41 years of working experience in the construction industry in Hong Kong,⁵⁸ though Chek Lap Kok was his first airport project.⁵⁹ He did not deny having a forceful character. Indeed, he implied that without a forceful character the mammoth job could not have been done.

7.106 He did not deny such description of his working style as "bulldozing". However, the Select Committee finds that it was much more than just bulldozing. Having taken hold of control he was only interested in achieving his own goal without regard to the needs or views of other departments, leaving them, at the end of the day, victims of his mistakes. It may not be his fault alone that serious slippages occurred. But he was to blame when he allowed slippages to eat up "float" time to such an extent that users were left with virtually no time to fit out or set up. In the case of FIDS, he and Mr TSUI King-cheong, PM (E&M Works)/AA, had control of the project. They managed it so badly that 6 months before AOD the mode to be used on AOD was as yet undelivered and largely untested. Meanwhile, people were kept waiting for their training and familiarisation. Plans had to be constantly revised as equipment available and delivery schedules changed.

7.107 By their own admission, neither Mr OAKERVEE nor Mr TSUI had IT expertise. Yet the IT Department was consulted almost as an after thought and given little say. Between them the decisions were made to defer functionalities, adopt a phased delivering method and cancel tests critical to smooth operation. In their single-minded purpose to keep the April opening date they were prepared to expose operations and the standard of services to uncalculated risks.

Source:

⁵⁸ Witness Statement of Mr Douglas OAKERVEE, PD/AA, to the Select Committee, paragraph 1.

⁵⁹ Minutes of evidence of the 8th public hearing of the Select Committee, 15 October 1998, page 62.

7.108 Mr OAKERVEE's attitude was demonstrated in the public hearing before the Select Committee. At the very beginning of his evidence he was asked which of the problems on the list of operational problems on AOD prepared by the AA Board paper were within his area of responsibility. His answer was this:

*"Madam Chairman, perhaps I should commence the answer by saying that as from mid-June, as the Project Director at the airport, I handed the entire facility over to the Airport Management Division and the Maintenance Division. As for the installation of all the equipment I was responsible for the design and its installation, but once it became operational I no longer directly looked after it."*⁶⁰

7.109 He repeated it a little later:

*"All systems were handed over on 14 June or thereabouts to the AMD [Airport Management Division] as they are solely in charge of the operation of the airport."*⁶¹

7.110 He referred to handover notices the dates on which he suggested marked the dividing line of responsibilities. As handover dates were all prior to AOD, he had no responsibility for any of the problems.

7.111 Yet the facts were quite different from this simple picture. The evidence of other witnesses and the handover notices themselves show that the "handover" was purely administrative: denoting whose permission was needed for access. The correct question to ask was not when did such a handover occur, but what was handed over and in what state. As the Select Committee finds, important items were handed over at a very late stage in varying degrees of unreadiness, including FIDS. Mr OAKERVEE cannot escape responsibility for the chaos on AOD. In fact, he, as PD/AA, had to take a large share of it.

Source:

⁶⁰ Minutes of evidence of the 8th public hearing of the Select Committee, 15 October 1998, page 3.

⁶¹ Minutes of evidence of the 8th public hearing of the Select Committee, 15 October 1998, page 4.

7.112 The AA Management had responsibilities as landlord towards tenants and business partners. However, many landlord provisions were still outstanding in late April 1998. Complaints to the Project Division were so ineffectual that they had to be taken up by Mr Raymond LAI, FCD/AA, who resorted to getting the Chairman/AA and Vice Chairman/AA to conduct inspection tours and requiring the presence of Mr OAKERVEE at these tours.

7.113 Numerous complaints were received about telephones not being fitted before AOD, the failure of the PA system, telecommunication within PTB, the failure of the ACS requiring some 300 extra security guards, and so on. These are all Project Division matters. Nearly all had to do with bad project management and late completion for which Mr OAKERVEE and Mr TSUI must take responsibility.

7.114 It was his duty to keep the AA Board correctly informed of progress in all the project under his care. Together with CEO/AA, he frequently provided vague, inaccurate and misleading information, to put forward an optimistic picture to discourage too close probing.

7.115 The Select Committee was astonished at the small regard he seemed to have about having misled the AA Board or ADSCOM. On the issue of the 98.7% "*availability*" as against "*reliability*", Mr OAKERVEE's answer before the Select Committee was that he had never thought that the two words meant different things. He thought 98.7% "*available*" meant the same as 98.7% "*reliable*". This would have been hard to believe from a layman, let alone an engineer of vast experience who had been looking after sizeable systems contracts. If it was an oversight, it could only have been the oversight of someone who did not much care about giving correct information to those entitled to expect it.

7.116 HACTL was AA's franchisee. It was for AA to monitor HACTL's progress to ensure a smooth and efficient air cargo service on AOD. It was within the area of Mr OAKERVEE's direct responsibility. He delegated the task to Mr Peter ASHMORE, as he was entitled so to do. He also said he visited the site himself regularly and looked at the BSS and CSS in operation, but on the systems software, he said Mr ASHMORE was just told that tests were conducted without being told the results of the tests. Consequently he relied on

HACTL's words. Mr OAKERVEE was not much concerned about taking so important a matter on trust instead of exercising AA's contractual rights to press for more concrete information. The Select Committee finds this unacceptable. Had he insisted on obtaining more data, an independent assessment would have been possible, enabling AA to receive earlier warning.

7.117 The Select Committee is of the view that Mr OAKERVEE's poor project management, unco-operative attitude and overbearing personality which undermined the team work within AA, and provision of inaccurate and misleading information to the AA Board and ADSCOM, were among the main causes of the problems. The new airport does not comprise just the physical works but also the facilities in it. To complete the former in so haphazard a fashion as to jeopardize the latter is to do the airport project a great disservice. Mr OAKERVEE has failed in his job as Project Director.

C4. Mr Chern HEED, Airport Management Director/AA

7.118 Mr Chern HEED holds a degree in Applied Electrical Engineering. He has over 30 years experience in airport management.

7.119 Mr HEED told the Select Committee that he was aware of the problems that had existed in the run-up to AOD. However, because of his lack of commitment and assertiveness, and his tendency to compartmentalize the responsibilities of the different Divisions in AA despite the fact that he himself was a member of AA's top management, Mr HEED did not flag up the problems that he knew of to either CEO/AA or even at AA Board meetings. He knew that the Standby FIDS would only be activated after it had been determined that the main FIDS would be down for more than three hours, and that it would take 30 to 45 minutes for the Standby FIDS to be switched on, but he did not so advise the AA Board.⁶²

7.120 Being responsible for the operation of the airport, Mr HEED represents the 'user' of the systems and facilities in PTB. It is his job to see to it that PTB will, on completion, be transformed into the first class international airport that all Hong Kong wants it to be. However, he was prepared to be left out while the systems and facilities were being developed or designed. When he became aware of the problems in these systems and facilities, he did not discuss them with PD/AA or CEO/AA or even draw them to the attention of the AA Board. After he had taken over the systems and facilities, some of which might still have problems or did not work, he did not draw up a comprehensive plan to deal with the problems on AOD.

Source:

⁶² *Minutes of evidence of the 14th public hearing of the Select Committee, 5 November 1998, pages 56 to 59.*

7.121 There are clear indications that Mr HEED's staff were more concerned about the problems in the systems and installations in the airport than he was. After his staff had raised warnings about the problems and demanded that action be taken to resolve the problems, his support was either absent or just too weak to be of any value. As pointed out by DCPM/NAPCO at the ADSCOM Meeting on 20 September 1997, Mr HEED had been subjected to one compromise after another.⁶³

7.122 The Assess Control System had many serious problems even in June 1998, e.g. doors were defective and the system could not be properly tested, with the result that about 300 guards had to be posted at such doors on AOD. Mr HEED did not draw the AA Board's attention to these problems.⁶⁴

7.123 Although Mr HEED is responsible for the efficient operation of the airport, he does not consider it his responsibility to oversee the baggage handling franchisee. With his long experience in airport management and holding such a responsible position, he has mixed up the nature of the HACTL franchise, with the nature of baggage handling franchises. Although in his statement, he said that he was responsible for overseeing the activities of franchisees and ensuring the airport's operational efficiency, safety and security, he told the Select Committee that he only had an interest in the standard of service of the franchisees but did not have the responsibility for ensuring that they provided their service efficiently. He was not concerned that the ramp handlers were not adequately prepared for AOD. The Select Committee finds this passive attitude totally unacceptable for someone with his responsibilities.⁶⁵

7.124 There is no evidence to show that he had given serious thought to developing detailed and effective contingency plans to cope with emergencies which might crop up on AOD. People were supposed to use telephones and faxes to communicate flight information on the breakdown of FIDS, but a large number of telephones were not ready for service. He did not ensure that

Source:

⁶³ Notes of 170th ADSCOM Meeting, 20 September 1997.

⁶⁴ Minutes of evidence of the 14th public hearing of the Select Committee, 5 November 1998, pages 91 to 93.

⁶⁵ Minutes of evidence of the 14th public hearing of the Select Committee, 5 November 1998, pages 120 to 121.

operators, business partners and franchisees were informed well in advance of what contingency plans would be activated should the systems fail. Such contingency plans were, for example, for FIDS, finalized verbally as late as July 1998. This made it impossible for people to become familiar with them, or even know about them before AOD. When chaos did occur, no one knew what to do.

7.125 In the early hours on AOD, flight information displayed on the monitors was either not correct or up to date, but Mr HEED did not regard such problems as serious. He also told the Select Committee that in a world that is not ideal, he would adapt to the situation, to find workarounds, to find alternatives etc. This shows his willingness to accept whatever compromise in the standard of services to passengers.

7.126 To ensure that the operation of the airport is safe, smooth and efficient, he had to ensure that all the people involved in the operation would be adequately and properly trained. Although some AA staff did not receive hands-on training with the systems and facilities, Mr HEED said that he was comfortable that they had enough training.

7.127 The Select Committee finds Mr HEED's performance as AMD/AA most disappointing. He is most directly responsible for delivering the smooth and efficient operation which was the very core of AOR. He did nothing to ensure that his responsibilities were properly discharged. He is not any less to blame than PD/AA for the chaos in the new airport on AOD. Mr HEED is unfit for his job.

C5. Mr Kiron CHATTERJEE, Head of Information Technology/AA

7.128 Mr Kiron CHATTERJEE is the Head of Information Technology of AA, providing information technology support for the various divisions within AA. He is the most senior IT expert in AA.

7.129 Mr CHATTERJEE began to be involved in the development of FIDS when he was asked to lead the System Task Force comprising representatives from the Project Division, Airport Management Division and Information Technology Department in December 1996. The Task Force was formed to assist the Projects Division with immediate testing and commissioning needs and to work as representatives of the Airport Management Division.⁶⁶ Being the most senior IT expert in AA, he was expected to provide expert advice on the procedures and standards for conducting the various tests of the systems. Unfortunately, after he had offered advice and voiced his reservations on certain important matters, e.g., the deferred functionality and phased approach of FIDS, which had not been accepted, he did not stand by his advice, his position being that the FIDS project was PD's project and decisions had been taken by those who were senior to him.⁶⁷

7.130 Although he was to represent the Airport Management Division as user in the Task Force, he did not consult the Airport Management Division whether any changes to the delivery schedule of FIDS would be acceptable to them after he had been informed of the change at a presentation. Although he came to know in January 1998 that the viability of the integrated FIDS reverting back to the standalone mode was no longer available, and he accepted that it would be an unacceptable risk to have an integrated FIDS which could not be unstitched if it did not work, he did not raise his objection until February 1998 and did not warn the Airport Management Division, whose interest he represented, of the risks involved.⁶⁸

Source:

⁶⁶ "Job Description of System Task Force"

⁶⁷ Minutes of evidence of the 17th public hearing of the Select Committee, 17 November 1998, page 46.

⁶⁸ Minutes of evidence of the 17th public hearing of the Select Committee, 17 November 1998, pages 113 to 114.

7.131 When it came to important issues relating to FIDS, instead of dealing with the Project Division's consultant personally, he let his staff deal with him and in this connection, he did not deny that this might be due to PD/AA's strong personality.⁶⁹

7.132 In early June 1998, a list of 38 FIDS major outstanding problem reports and issues which affected the system's operations was identified. Being the top IT professional in AA, Mr CHATTERJEE did not take any action to ensure that these problems and issues were resolved before AOD. It was later found that three of the 38 items caused major problems on AOD. Had Mr CHATTERJEE had a more responsible attitude and checked through the list again, AA would have had a better appreciation of the potential problems in advance of AOD.⁷⁰

7.133 Mr CHATTERJEE told the Select Committee that he thought it would take two to three weeks for the integrated FIDS to be unstitched and had been taken by surprise that the integrated system could not be reverted back to the standalone mode. Although he knew that FIDS was a dual system with a hot standby, when FIDS failed to function on AOD, he did not even try to find out whether the hot standby had been activated or forced on.⁷¹ He professed not to see any significant difference between FAT and Pre-SAT and accepted the cancellation of FAT, which was a mistake.⁷²

7.134 The Select Committee finds that notwithstanding his seniority in AA, Mr CHATTERJEE has let down the Airport Management Division, whom he represented within AA. He did not give timely advice and warning to AA, and in particular to the Airport Management Division about the risks of not following standard procedures to test FIDS, and after his advice had been rejected, he was content to leave the matter, knowing there would be risks if his

Source:

⁶⁹ *Minutes of evidence of the 18th public hearing of the Select Committee, 18 November 1998, page 36.*

⁷⁰ *Minutes of evidence of the 18th public hearing of the Select Committee, 18 November 1998, pages 108 to 112.*

⁷¹ *Minutes of evidence of the 17th public hearing of the Select Committee, 17 November 1998, pages 109 to 110.*

⁷² *Minutes of evidence of the 18th public hearing of the Select Committee, 18 November 1998, pages 42 to 43.*

advice was not followed. He did not demonstrate the qualities required for leading the IT Department.

7.135 The Select Committee considers it necessary to mention Mr CHATTERJEE's attitude as a witness in the hearing which was both irresponsible and cavalier. The Committee finds that some of his replies were unreliable and self-contradictory.

C6. Mr TSUI King-cheong, Project Manager – E & M Works, Project Division/AA

7.136 Mr TSUI King-cheong, PM (E&M Works)/AA, is responsible for 21 electrical and mechanical contracts of the new airport, including C360 (Baggage Handling System), C381 (Flight Information Display System), C382 (Public Address System), C396 (Access Control & Detection System).⁷³ He is responsible for ensuring that the contractors would complete the detailed design, installation, testing and commissioning phases in accordance with the contracts. He is also authorized to assess and value variations and claims made against AA by the contractors.⁷⁴

7.137 According to Mr TSUI, he is a Chartered Electrical Engineer and has more than 20 years of construction experience in Hong Kong.⁷⁵ He and the team assisting him in handling system contracts had no IT experience.⁷⁶ Yet Mr TSUI is responsible for a number of important systems contracts, including C381 (FIDS), which are crucial to the operations of the new airport.

7.138 On C381 (FIDS), the account of the serious delay in the development of the system has been given in Chapter 4B of this report. Mr TSUI joined AA as Project Manager in September 1995, but said his involvement in FIDS became more active in the latter part of 1996. As can be seen in the account in Chapter 4B, slippages were allowed to occur true and again, and specifications kept changing, showing PD/AA did not know that was required precisely of the system.

7.139 Mr TSUI not only shared in the mismanagement; he also made several vital and the Select Committee finds, erroneous decisions regarding FIDS' development in order to meet the target airport opening date in April.

Source:

⁷³ Witness statement of Mr TSUI King-cheong, PM (E&M Works)/AA, to the Commission of Inquiry on the New Airport, 11 September 1998, paragraph 2 and Attachment 1.

⁷⁴ Witness statement of Mr TSUI King-cheong, PM (E&M Works)/AA, to the Commission of Inquiry on the New Airport, 11 September 1998, paragraph 4.

⁷⁵ Witness statement of Mr TSUI King-cheong, PM (E&M Works)/AA, to the Commission of Inquiry on the New Airport, 11 September 1998, paragraph 1.

⁷⁶ Minutes of evidence of the 16th public hearing of the Select Committee, 16 November 1998, page 35.

The most serious was the decision in early December 1997 to cancel FAT. The fact is, there was little real chance of meeting an April deadline if the required tests and training were to be completed in accordance with the key milestones or crucial minimum requirements already set down in September 1996. Instead of advising AA that since this could not be done, the April opening date has to be deferred, he compromised the standards, thereby placing the smooth and efficient operation of the airport at very substantial risk. The Select Committee considers this reckless and irresponsible.

7.140 Mr TSUI then tried to play down the importance of this decision by presenting to the AA Board that FAT would be combined with SAT (paragraph 4.97). The significance of his decision to cancel FAT and his provision of misleading information to the AA Board was discussed in Chapter 4B.

7.141 According to Mr TSUI, the tests involved in FAT and SAT were just the same and the only difference was that they were conducted in different environment.⁷⁷ The Select Committee does not accept that he did not recognize the importance for the system to go through a series of tests in the factory before delivery to the site for SAT.

7.142 Mr TSUI's decision is all the more irresponsible because of his refusal to heed professional advice. As pointed out in Chapter 4B (paragraphs 4.93 to 4.95), CSE, EDS and the Airport Management Division did not find the cancellation of FAT acceptable. Mr TSUI admitted that he had not consulted the IT Department and the Airport Management Division in writing before making the decision but had only raised the subject in some regular meetings without inviting comments.⁷⁸

7.143 In this, the Select Committee believes Mr TSUI acted out of arrogance rather than just from an error of judgement. The Select Committee also notes from the evidence that Mr TSUI's relationship with the IT Department and the Airport Management Division was not harmonious. His abrasive

Source:

⁷⁷ Minutes of evidence of the 16th public hearing of the Select Committee, 16 November 1998, page 66.

⁷⁸ Minutes of evidence of the 16th public hearing of the Select Committee, 16 November 1998, page 70.

manner certainly did not help. On 25 April 1997, he issued a memo to Mr Thomas LAM, Manager of Airport System and User Support of the IT Department, reminding him that any report on progress of works, to be submitted by any member of the IT team attached to the Project team, must be issued through the Project Manager or his Representative. Then on 28 May 1997, Mr TSUI issued another memo to Mr LAM on the same subject. In the last paragraph of the memo, it was stated that “I cannot tolerate any more similar incidents. Any further action violating the established procedures may require me to implement rearrangement of the matrix functions or keep some unwelcome persons off my teams.” On 7 July 1997, Mr Chern HEED, AMD/AA, wrote to Mr TSUI saying that “I want us to work together and not be adversaries.”

7.144 Mr TSUI did not bring to the attention of ADSCOM and the AA Board important information about the development of FIDS. On 5 December 1997, he signed an agreement with GEC according to which the break up of Build 2.0 into Build 1.3, Build 1.4 and Build 1.5 would require 5 days for break up and 5 days for testing to revert to the standalone mode, and that a decision had to be made by 5 February 1998 (paragraph 4.91). All along, ADSCOM and AA Board were given the impression that if FIDS failed on AOD, the standalone systems would be there as a fallback. But he failed to inform them of this agreement. Mr TSUI admitted that it was inappropriate that such agreement with GEC had not been reported to ADSCOM and the AA Board.⁷⁹

7.145 On C382 (PA System), it was pointed out in Chapter 5F that the system was not ready for AOD. According to Mr TSUI, the software of the PA System had bugs and therefore was still not ready for testing.⁸⁰ The Select Committee notes that as at 24 December 1998, there were outstanding work and defects of the PA System and SAT had yet to be completed.⁸¹

Source:

⁷⁹ Minutes of evidence of the 16th public hearing of the Select Committee, 16 November 1998, page 116.

⁸⁰ Minutes of evidence of the 16th public hearing of the Select Committee, 16 November 1998, page 13.

⁸¹ Letter dated 24 December 1998 from Mr Billy LAM, CEO/AA, to Clerk to the Select Committee, Attachment B.

7.146 On C383 (Telephone System), it was pointed out in Chapter 5E that, there were numerous complaints about the failure in telecommunications within the new airport on AOD. The Select Committee is of the view that the problems were due to the poor project control of the Project Division of AA, its failure to cooperate and coordinate with other divisions and to recognize the needs of the tenants. Together with Mr OAKERVEE, Mr TSUI should be held responsible for the problems.

7.147 On C396 (ACS), it was pointed out in Chapter 6A that the system was not ready for AOD. The Select Committee notes that as at 24 December 1998, the commissioning and integration of the system were still outstanding.⁸² Together with Mr OAKERVEE, Mr TSUI should be held responsible for the problems.

7.148 The Select Committee takes a severe view of the way Mr TSUI handled the projects in his care. As pointed out earlier, he was so determined not to defer the April opening date that he had little regard to the risks the compromise he agreed to would bring. In the end, the cancellation of FAT resulted in exactly the kind of serious problems predicted by those who advised him, and other people suffered the consequences of his mismanagement. He is no less to blame than PD/AA with whom he worked closely together.

Source:

⁸² Letter dated 24 December 1998 from Mr Billy LAM, CEO/AA, to Clerk to the Select Committee, Attachment B.

C7. Other comments of the Select Committee

7.149 The disappointing attitude of the senior AA Management stands in stark contrast against the dedication of some of their staff who gave evidence before the Select Committee. The Select Committee finds such witnesses as Mr NG Ki-sing, GM(TO)/AA, and Ms Vivian CHEUNG, M(TS)/AA, most refreshing. Their competence and commitment were demonstrable. Their forthrightness in voicing their concern about any compromise in the standard of services to their seniors was equalled by their forthrightness as witnesses before the Select Committee. Mr NG showed his strong sense of responsibility when he told the Select Committee that he ought to have foreseen things might go wrong with BHS, and made prior arrangements for extra manpower, and insisted that had that been done, the chaos in the baggage area would have been cleared up much faster. When the Select Committee asked him, towards the end of his evidence, whether he found the confusion on AOD acceptable, his unhesitated answer was: "Of course it's not acceptable. I am the user. I am the manager. From my point of view, everything should be ready."⁸³

7.150 The Select Committee believes that the chaos on AOD could have been avoided or reduced if the top AA Management had taken the same point of view.

Source:

⁸³ *Minutes of evidence of the 15th public hearing of the Select Committee, 10 November 1998, page 65.*

D. HACTL

7.151 The suspension and then curtailment of air cargo handling service by HACTL from AOD to 24 August 1998, in the view of the Select Committee, is largely the responsibility of HACTL. HACTL has been saying that the failure of FDDS to disseminate flight information on AOD was the main cause of the shutdown of ST1 after AOD. However, HACTL's inability to bring the air cargo handling service back to any level of normality until the end of August 1998, long after the problems with FDDS had been resolved, leads to the logical conclusion that the problems with HACTL's systems were more serious than has been made known.

7.152 The Select Committee is of the view that a major cause of the problems in HACTL on AOD is the delay in the construction of ST1. In this connection, the Committee has to point out that HACTL has entered into a supplemental agreement with its contractor to speed up the construction of ST1 with a target date of obtaining the OP for the building by 29 May 1998. In the event, only a TOP was issued on 3 July 1998 on a pragmatic and flexible basis.⁸⁴ The additional cost incurred in reaching the supplemental agreement did not bring about the desired effect but it has been included as part of the construction cost of ST1, meaning that air cargo charges may be higher than they should.

7.153 In the face of the delay in completing ST1 which has led to the other problems such as inadequate time for testing and commissioning the systems and carrying out dry run for the operation with real life load, inadequate training of the staff who had to be trained in classrooms rather than in an operation environment, inadequate preparation of the loading and unloading areas resulting in sensors being covered with dust etc, HACTL has failed to assess its own AOR but advised the Government and AA that it would be ready for opening for the July opening date.

Source:

⁸⁴ Letter dated 30 June 1998 from Director of Buildings to Mr JOHANSEN, former Chairman/HACTL.

7.154 The Select Committee finds that HACTL should have foreseen that getting 1,000 containers into CHS at ST1 immediately after the overnight relocation of the airport was a mammoth task. Had measures been taken to organize the loading and unloading of these containers from Kai Tak into CHS at ST1 in an efficient manner, the jam on the lorry driveway, which hampered the operation at ST1, could have been avoided.

7.155 The Select Committee considers that HACTL has made a serious misjudgment as to ST1's readiness for opening in July. Its assurance to the Government and AA that it was ready had given them a false sense of security. It has let down the people of Hong Kong and has brought Hong Kong into disrepute.

E. Other views of the Select Committee

7.156 In the course of deliberations on the responsibilities of the organisations and individuals involved, the Select Committee also considered whether to proceed further and recommend specific sanctions such as “reprimand”, “discontinuation of appointment” or “financial penalties” on some of these individuals. The Legal Adviser also confirmed this would be within the Select Committee’s scope of inquiry.

7.157 Some members were strongly in favour of doing so. They considered that the community expects the Select Committee, having gone through a lengthy and painstaking inquiry to establish responsibilities, to speak out on what punishment those responsible deserved. Otherwise, the whole exercise would have been quite meaningless and without much force.

7.158 Other members were strongly opposed to this step being taken. In their view, the task of the Select Committee is to inquire, to establish facts and responsibilities. Where an organisation or individual was at fault and to blame, the Select Committee has done its duty to point this out bluntly and plainly, without fear or favour. The criticism made in its report is itself a serious sanction. To go further would be unseemly and unfair. Moreover, the Select Committee’s inquiry concentrated on the chaos on AOD and matters directly relevant to it. To suggest penalties on individuals would not be appropriate.

7.159 As the majority of members were of the latter view, the Select Committee resolved not to include sanctions in its report.