

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 46 - GENERAL EXPENSES OF THE CIVIL SERVICE Subhead 083 Recoverable salaries and allowances (Electrical and Mechanical Services Trading Fund)

Members are invited to recommend to Finance Committee the retention of the following supernumerary multi-disciplinary post, for a period of three years from 6 December 1999, under the Electrical and Mechanical Services Trading Fund -

- 1 Chief Electrical and Mechanical Engineer/
Chief Building Services Engineer/
Chief Electronics Engineer
(D1) (\$98,250 - \$104,250)

PROBLEM

The existing supernumerary multi-disciplinary post of Chief Electrical and Mechanical Engineer/Chief Building Services Engineer/Chief Electronics Engineer (CEME/CBSE/CEE) (D1) in the Airport Sector Division (ASD) of the Electrical and Mechanical Services Trading Fund (EMSTF) will lapse on 6 December 1999. The Director of Electrical and Mechanical Services (DEMS), who is the General Manager of EMSTF, needs continued directorate support for the provision of prompt and effective electrical and mechanical maintenance services to facilities at the Hong Kong International Airport (HKIA).

PROPOSAL

2. DEMS, with the support of the Secretary for Works, proposes to retain the supernumerary post of CEME/CBSE/CEE (D1), currently designated as

/Airport

Airport Sector Manager (ASM), for a period of three years from 6 December 1999 to provide a wide range of efficient and effective contractual maintenance services at HKIA.

JUSTIFICATION

3. The ASD of EMSTF has an annual business turnover of about \$240 million in respect of HKIA. This is mainly generated from contractual arrangements with the Airport Authority (AA), Swire Engineering Services Limited (SESL) and from various Service Level Agreements (SLAs) with 12 government departments¹ for the provision of maintenance services at HKIA. These include general building services maintenance and the maintenance of electrical and mechanical equipment, communications systems and major water and sewage treatment systems with AA, the maintenance of the baggage handling system with SESL and SLAs for the maintenance of government facilities at HKIA.

4. At present, ASM takes charge of the ASD and is responsible for overseeing all the activities of the Division and exploring new business for EMSTF at HKIA. Since the opening of the HKIA in July 1998, the Division has fully and effectively discharged the contractual obligations laid down in the service contracts and SLAs. It has also been awarded with more contracts from AA at a total contract price of about \$11 million for the maintenance of specialized equipment such as aerobridges, baggage screening system and trace detection equipment for two years. In addition, it has successfully renewed three more contracts with AA at a total contract price of about \$120 million for another two years from September 1999 for the general electrical, mechanical and building services.

5. Taking into account the newly awarded and renewed contracts, ASM needs to administer nine maintenance contracts at a total contract price of about \$590 million and various SLAs at an annual agreement cost of about \$56 million. A summary of contracts showing the contract number, name, description of work, client and contract price is at Enclosure 1.

Encl. 1

6. Apart from the provision of maintenance services, ASD also provides other supporting services to AA. In the past year, it has assisted AA in verifying and rectifying Y2K problem on engineering systems, preparing contingency plans for the Y2K issue and improving the airfield ground lighting.

/7.

¹ The 12 government departments are Department of Health, Hong Kong Observatory, Independent Commission Against Corruption, Agriculture and Fisheries Department, Government Flying Service, Immigration Department, Fire Services Department, Customs & Excise Department, Administration Wing of Chief Secretary for Administration's Office, Hong Kong Police Force, Post Office and Civil Aviation Department.

7. Having reviewed the operational requirements in the light of the latest development, we consider it necessary to retain the ASM post for a period of three years up to 5 December 2002 with a view to providing prompt, quality, reliable and cost-effective contractual electrical and mechanical services to facilities at HKIA. The main duties and responsibilities of ASM are outlined in the following paragraphs.

Administration of maintenance contracts and Service Level Agreements

8. The main duty of the ASM is to ensure that customers' requirements are met and that resources are deployed timely and effectively to fulfil the requirements of the service contracts and SLAs. He controls and manages the day to day operations of the ASD, with around 410 staff, to ensure the achievement of both operational and financial targets. In addition, he attends regular liaison meetings with the senior management of customers to obtain customers' feedback about ASD's performance and identify opportunities for further services improvement.

9. ASM has to keep abreast of the latest developments in airport engineering and liaise closely with the operations and maintenance agents of other international airports as well as the International Civil Aviation Organisation. He needs to cope with the ever-changing situation at the Airport as the latter expands its operation, and fine-tune the Division's services to take advantage of latest technologies. He has to introduce new and world-class standard technologies in works, such as condition-based maintenance, energy efficiency, environmental improvement initiatives and quality management to enhance the cost-effectiveness of maintenance works. All of these contribute to developing the HKIA as a safe, secure, smooth, efficient and cost-effective aviation centre.

10. He will also initiate improvements to strengthen the reliability of the concerned systems to make them more robust and fault tolerant, achieve energy savings and improve the cost-effectiveness of maintenance works.

Exploring new business

11. The ASM is responsible for exploring new business opportunities for the ASD. With proven past performance, ASD's scope of business has already expanded to include the maintenance of some of AA's specialised equipment and the provision of electrical and mechanical support to the airlines and AA's business partners. AA is currently inviting tenders for the operation and maintenance of other specialised equipment after the expiry of their defect liability period. ASM will prepare to bid for these maintenance tenders. As some airlines have

/approached

approached ASD for electrical and mechanical services support, ASM will also liaise with them to explore and bid for new business opportunities which include the maintenance of the aircraft parking aids and the general electrical, mechanical and building services facilities in the VIP lounges of airlines.

Provision of advisory services

12. Although the HKIA at Chek Lap Kok has been in full operation, there are always short-term or medium-term operational changes due to changing situations. This requires integrated operational planning among the users involved. In this regard, ASM has to maintain frequent contact with senior officers of client departments and the Works Bureau and the executives of AA to provide expertise in the electrical, mechanical and building services related operational requirements.

13. To ensure the continued success of the EMSTF's business in HKIA, it is essential to retain an officer with good airport engineering experience to head the airport maintenance team and to work hand in hand with the AA in keeping this important public asset of Hong Kong under good care and maintenance. In order to ensure that maintenance services contracts with AA are properly executed to maintain safe and smooth operation at HKIA, DEMS proposes to retain the supernumerary post of CEME/CBSE/CEE (D1) for a period of three years with effect from 6 December 1999 as the major electrical, mechanical and communications systems maintenance contract (M150 in Enclosure 1) will last up to the end of November 2002. We will review the continued need for the post at the end of the three-year period. Should there be an unfavourable business outturn, we will review the post for earlier deletion.

14. ASM will continue to be assisted by seven senior engineers and a group of 405 professional, technical and general grades staff. As ASM is required to supervise a multi-disciplinary team, the post should continue to be designated as a multi-disciplinary one at the rank of CEME, CBSE or CEE. The existing organisation chart of ASD and the job description for the ASM post are at Encls.2&3 Enclosures 2 and 3, respectively.

FINANCIAL IMPLICATIONS

15. The additional notional annual salary cost of this proposal at mid-point is \$1,213,200. The additional full annual average staff cost of the proposal, including salary and staff on-costs, is \$2,121,768. We have set aside sufficient provision under EMSTF to meet the cost of this proposal. The proposal has no implications on Government expenditure.

/BACKGROUND

BACKGROUND INFORMATION

16. The ASD was set up in June 1998. We created a supernumerary post of CEME/CBSE/CEE (D1) under delegated authority for a period of six months with effect from 6 June 1998 to head ASD so as to ensure the provision of prompt and effective electrical and mechanical maintenance services to the new airport scheduled to open in July 1998. On 27 November 1998, Finance Committee approved the retention of the supernumerary post for a period of one year until 5 December 1999 to oversee AA's initial maintenance contracts, most of which were due to expire in September 1999.

CIVIL SERVICE BUREAU COMMENTS

17. The EMSTF operates on a commercial basis and to ensure its financial viability, has to be adequately staffed to meet its business needs. We are satisfied that the proposal contained in this paper is functionally justified. The Civil Service Bureau considers the grading, ranking and duration of the proposed post appropriate, having regard to the level and scope of responsibilities involved.

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

18. As the ASM post is proposed on a supernumerary basis, we will report its retention, if approved, to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

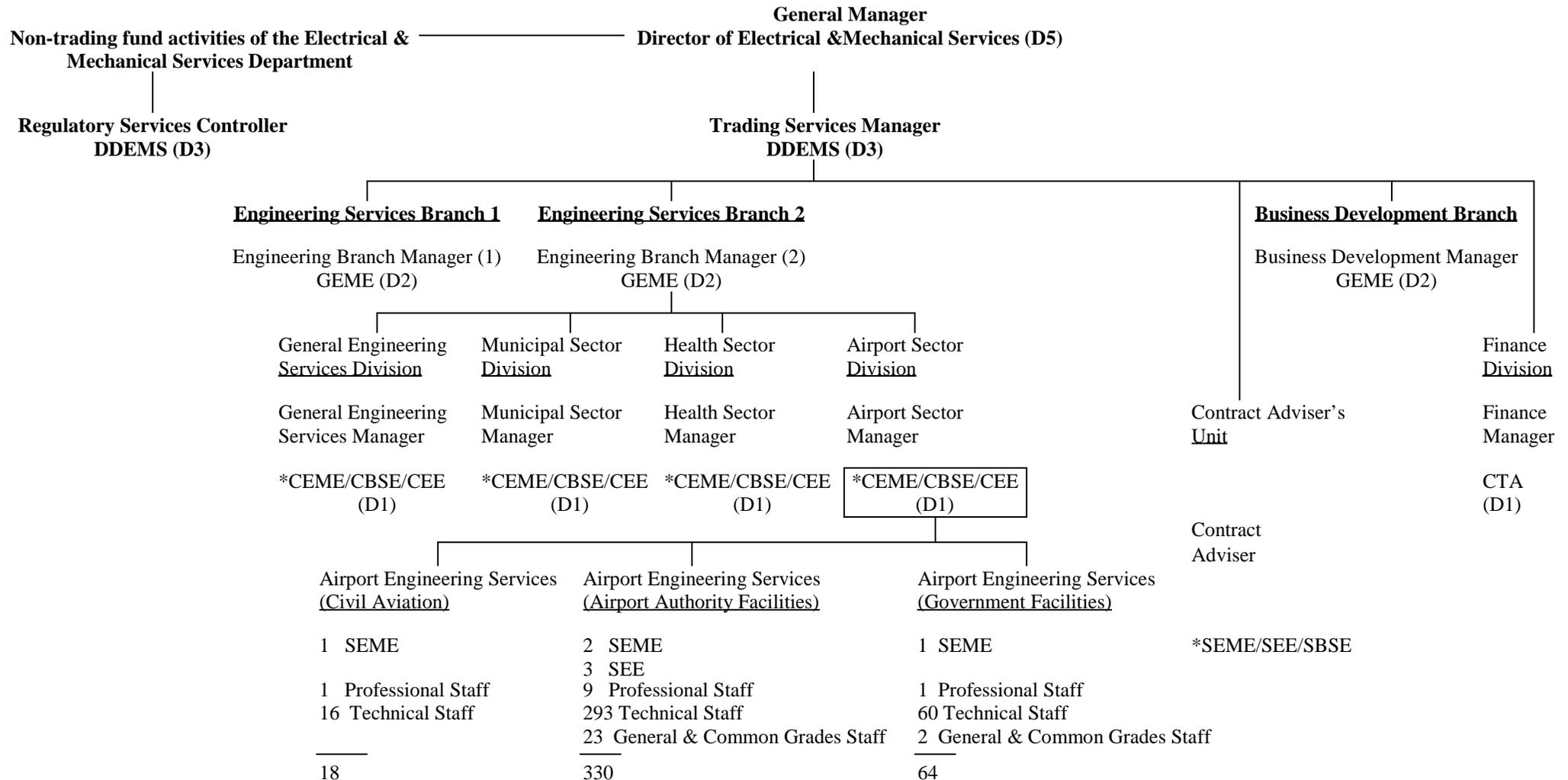
Works Bureau
October 1999

Summary of Contracts

Contract No. and Contract Name	Contract Period	Description of Work	Client	Contract Price (HK\$)
M150 Maintenance of Electrical, Mechanical and Communications Systems	5 years (1.12.1997 - 30.11.2002)	Maintenance Contract includes maintenance works for Airfield Tunnels, Airfield Ground Lighting, Electrical Distribution System, Emergency Power Equipment, Fixed Ground Power, General Building Management System, Supervisory Control and Data Acquisition System, High Mast Lighting, Trunk Mobile Radio, Pre-conditioned Air Units, Perimeter Fence Lighting, Aircraft Recovery Equipment, Building Services maintenance works, Electronic Facilities for Fire Fighting and Rescue vessels/vehicles.	Airport Authority	HK\$345,000,000
M009 Maintenance Services to Baggage Handling System at the New Airport at Chek Lap Kok	37 Months (1.12.1997 - 5.1.2001)	Comprehensive maintenance services for the Baggage Handling System at the new Airport at Chek Lap Kok including shift duties, planned prevent maintenance, breakdown maintenance, provision of spares, consultation services, etc.	Swire Engineering Services Ltd.	HK\$113,285,000
M110 Maintenance of Mechanical Services - Buildings	2 Years (6.9.1999 - 5.9.2001)	Plant operation, and maintenance of Air-conditioning systems and associated auxiliary equipment, water systems, and General Building Management System and at the new Airport at Chek Lap Kok.	Airport Authority	HK\$46,000,000

Contract No. and Contract Name	Contract Period	Description of Work	Client	Contract Price (HK\$)
M120 Maintenance of Electrical Services - Buildings	2 Years (6.9.99 - 5.9.2001)	Plant operation, and maintenance of High Voltage Electrical System, Low Voltage Electrical System and the High Voltage Supervisory Control and Data Acquisition System at the new Airport at Chek Lap Kok.	Airport Authority	HK\$36,400,000
M130 Maintenance of Pumping Systems and Building Services	2 Years (6.9.99 - 5.9.2001)	Plant operation, and maintenance of sea water pumping system, sewage pumping stations, stormwater pumping stations, aircraft wash bays and wash wells, oil separator, trichurators and related building services at the new Airport at Chek Lap Kok.	Airport Authority	HK\$38,147,579
M023 Maintenance of Aircraft Loading Bridges	2 Years 6.6.99 - 5.6.2001	Maintenance of aircraft loading bridges	Airport Authority	HK\$4,799,800
M027 Maintenance of Passenger & Hand Baggage Security Screening System	2 Years 7.8.1999 - 6.8.2001	Maintenance of passenger & hand baggage security screening system	Airport Authority	HK\$2,333,000
M028 Maintenance of Hold Baggage Screening System	2 Years 31.7.1999 - 30.7.2001	Maintenance of Hold Baggage Screening System	Airport Authority	HK\$3,453,600
M031 Maintenance of Level 3 Trace Detection Equipment	2 Years 6.7.1999 - 5.7.2001	Maintenance of Level 3 Trace Detection Equipment	Airport Authority	HK\$731,000

The Existing Organisation Chart of the Airport Sector Division



Legend

DDEMS Deputy Director of Electrical and Mechanical Services
 GEME Government Electrical and Mechanical Engineer
 CEME Chief Electrical and Mechanical Engineer
 CBSE Chief Building Services Engineer
 CEE Chief Electronics Engineer
 CTA Chief Treasury Accountant

SEME Senior Electrical and Mechanical Engineer
 SBSE Senior Building Services Engineer
 SEE Senior Electronics Engineer

Supernumerary post proposed to be retained
 * Multi-disciplinary posts

**Job Description for
Airport Sector Manager**

Rank : Chief Electrical & Mechanical Engineer (D1)/
Chief Building Services Engineer (D1)/
Chief Electronics Engineer (D1)
(i.e. multi-discipline)

Main Duties and Responsibilities :

Responsible to the Engineering Branch Manager (2) for -

1. managing the ASD;
2. administering the contracts with AA and the sub-contract with SESL;
3. administering the SLAs with the government departments in Chek Lap Kok;
4. liaising and maintaining frequent contact on operation/maintenance matters with senior officers of client departments, Works Bureau and senior executives of AA at a senior level;
5. negotiating with AA for the renewal of maintenance contracts;
6. bidding and negotiating with AA for new business as extensions to the existing maintenance contracts;
7. liaising with operation and maintenance agents of other international airports;
8. introducing new technologies in the operation and maintenance of installations; and
9. introducing energy efficiency, environmental improvement initiatives and quality management on operations and maintenance activities.