

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 28 - CIVIL AVIATION DEPARTMENT Subhead 149 General departmental expenses

Members are invited to recommend to Finance Committee the non-civil service appointment of four Flight Operations Inspectors on agreement terms and at the equivalent rank of D1 under Head 28 Civil Aviation Department.

PROBLEM

The existing remuneration of Flight Operations Inspectors (FOIs) with salaries set at Master Pay Scale (MPS) Point 45 to 49 (\$76,485 - \$88,115) is not sufficiently attractive to enable the Civil Aviation Department (CAD) to recruit and retain qualified staff. Also, appointment on civil service terms has made it difficult to tap into the market for available expertise.

PROPOSAL

2. The Director of Civil Aviation (DCA) proposes to appoint four FOIs on non-civil service agreement terms at the equivalent rank of D1 (\$98,250 - \$104,250) on the Civil Service Directorate Pay Scale as a long term solution to the recruitment and retention problems.

JUSTIFICATION

Flight Operations Inspectors

3. At present, there are six FOI posts at Senior Operations Officer rank on the permanent establishment of CAD. They are all in the Flight Standards and

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Encl. 1 Airworthiness Division (FSAD) and are headed by a Chief, Flight Standards at the Chief Operations Officer rank (D1). The existing organisation chart of the Flight Standards Section under the FSAD is at Enclosure 1. The FOIs, amongst other duties, advise DCA on the issue and renewal of Air Operator's Certificates, which is essential in order to ensure that Hong Kong's airlines operate in a safe manner and comply fully with statutory requirements and procedures. Their existing job description is at Enclosure 2.

4. Following the guidelines laid down by the International Civil Aviation Organisation, appointees to the FOI posts must hold a current Airline Transport Pilot Licence. They should also have no less than 5 000 hours of air transport pilot-in-command experience, of which a significant proportion should be on jet aircraft, and have recent experience in civil operations management as a training captain. Based on these requirements, DCA's assessment is that a qualified candidate would need to have at least 12 years of relevant experience in the industry. All the incumbent FOIs in CAD possess the required qualifications and have 14 to 22 years of pilot-in-command experience.

Recruitment and Retention Problems

5. Experienced civil pilots are in great demand internationally. They are offered attractive terms and conditions of service by commercial airlines. In view of the difficulties in recruiting and retaining FOIs, the Finance Committee (FC) approved payment of a Flight Allowance to the FOIs in 1988. Since then the approval has been extended several times.

6. The rate of the allowance is pitched at the difference between the pay of an FOI (MPS 45 - 49) and the minimum point on the Civil Service Directorate Pay Scale, i.e. D1. In 1999-2000, it ranges from \$10,135 to \$21,765 per month depending on the pay point of individual FOIs. All incumbent FOIs in CAD are currently drawing an allowance of \$10,135 per month.

7. Notwithstanding this, CAD is facing a retention problem among the incumbents, as one of the existing six FOI posts has been vacant and another is expected to become vacant shortly. Moreover, the creation of two more FOI posts to cope with the increased workload has not been effected because of recruitment problem. In July 1998 and March 1999, CAD conducted two recruitment exercises. With a view to testing the market situation and finding a long term solution to the recruitment and retention problems, the FOI vacancies were advertised quoting a remuneration without this allowance. The first exercise attracted 52 applicants but none of them possessed the required experience. The second exercise attracted 34 applicants, but the only applicant who was considered marginally qualified declined the invitation for an interview. The results of these two recruitment exercises,

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coupled with those of CAD's earlier enquiries through its industry contacts, confirmed that the basic remuneration for FOIs (i.e. salaries at MPS 45 - 49 and without the flight allowance) is unattractive to qualified candidates. This has not changed despite the weak performance of the aviation industry in the region in the past year or so.

The Administration's Proposal

8. In order to find a long term solution to the FOI retention and recruitment problems, DCA has conducted a comprehensive review of its Flight Operations Inspectorate. He proposes to reorganise the duties of all eight FOIs (including the two new posts) under two categories: the more demanding and less demanding duties. The less demanding duties will be assigned to four Inspector posts to be ranked at Senior Operations Officer level as at present. They are to be named as Senior Operations Inspectors (SOIs) and be remunerated at MPS 45 - 49, but without the payment of a flight allowance. These posts can be filled by candidates who hold professional pilot licences but do not meet the existing flying qualification and experience requirements for FOI posts. Given the substantial time and resources that will be needed for training, DCA considers that the SOIs should be on civil service establishment so as to retain the expertise in CAD. In due course when these SOIs have accumulated sufficient in-house expertise, they may be considered for promotion to the existing Chief, Flight Standards post at the Chief Operations Officer rank (D1) who heads the Flight Standards Section of the FSAD. This arrangement will also help to localise the Flight Operations Inspectorate in the long term. The job description of the proposed SOIs is at Enclosure 3.

Encl. 3

9. DCA proposes to assign the more demanding duties to the remaining four posts and to continue to name them as FOIs. These posts will be filled by pilots who meet the requirements described in paragraph 4 above and who have specific aircraft type and airline management experience. Their job description is at Enclosure 4. An organisation chart of the proposed Flight Standards Section is at Enclosure 5. Given the perennial problem in retaining existing expertise and recruiting qualified candidates for the FOI duties, DCA proposes to remunerate these four FOIs at the equivalent of D1 in the Civil Service Directorate Pay Scale. Moreover, to provide more flexibility in appointment and contract renewal to meet the changes in the aviation industry, DCA proposes to appoint the FOIs on non-civil service terms as consultants.

Encl. 4

Encl. 5

10. Incumbent FOIs are appointed on civil service overseas agreement terms. They will continue to receive flight allowance until completion of the agreement that they have already entered into with the department. The completion date for the individual agreements falls between 2000 and 2003. Upon appointment of the FOI consultants, DCA will delete the corresponding number of the existing civil service FOI posts under CAD's permanent establishment.

11. The appointment of FOI consultants will not form part of the civil service establishment and the appointees will not be eligible for posting or promotion to posts within the civil service. In addition to salary at the minimum point of D1, they will receive fringe benefits and contract gratuity comparable to those offered to local officers of equivalent rank on agreement terms. Overall the terms and conditions of their appointments would be no better than those of their civil service counterparts.

FINANCIAL IMPLICATIONS

12. The salary of the proposed consultants will be set at the minimum point of the D1 of the Civil Service Directorate Pay Scale, which is equivalent to the existing salary of FOI posts (MPS 45 - 49) plus the Flight Allowance. The creation of the consultant positions, offset by the corresponding deletion of FOI posts, will not incur additional salary cost.

13. Based on the staff cost of the existing FOI posts and that of civil service D1 posts, we estimate that the full annual average staff cost of the four consultant positions, including salaries, annualised gratuity payment and staff on-cost, will be \$7,812,000 in total.

14. The proposed non-civil service appointment of FOIs will have no impact on the existing fees and charges for services provided by CAD.

BACKGROUND INFORMATION

15. In granting the approval to extend the flight allowance arrangement in 1998, FC Members asked the Administration to find a long term solution to the FOI retention and recruitment problems. On 7 January 2000, in seeking FC's approval for DCA to continue to pay the allowance to incumbent FOIs until the completion of the agreements that they have already entered into, we informed Members that this proposal would be submitted to the Establishment Subcommittee separately.

CIVIL SERVICE BUREAU COMMENTS

16. CAD has considered carefully alternative means to provide an appropriate level of service bearing in mind the need for efficiency and productivity. The Department is of the view that the non-civil service appointment of FOI consultants is the most appropriate way to proceed in view of the greater flexibility in appointment and agreement renewal to meet the changes in the

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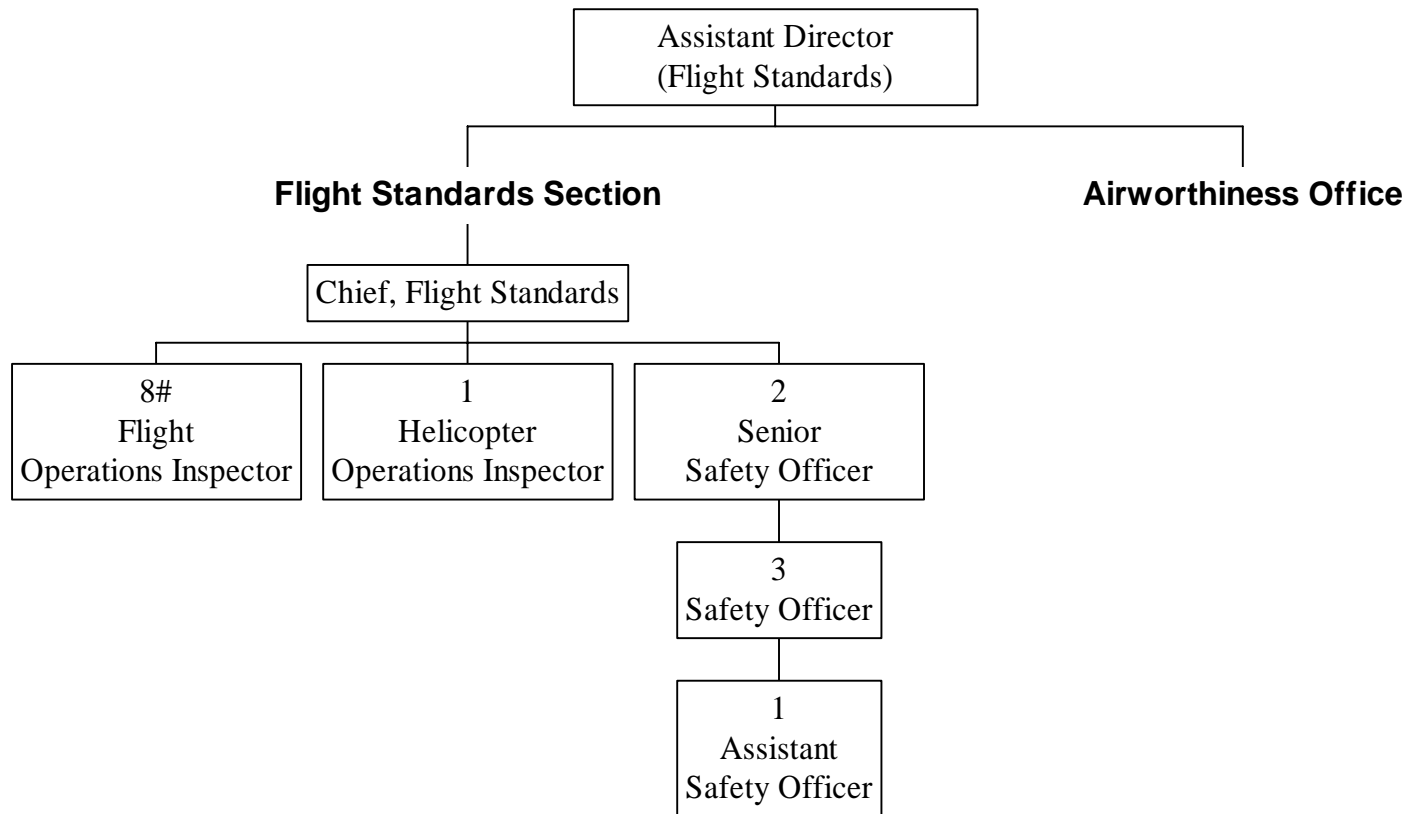
aviation industry. Having regard to the reasons put forward, Civil Service Bureau considers the proposal justified and the proposed consultant level commensurate with the required level of professional expertise.

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

17. As the Administration proposes non-civil service appointment for the FOI consultant posts, advice from the Standing Committee on Directorate Salaries and Conditions of Service is not required.

Economic Services Bureau
January 2000

Organisation Chart as at 1 December 1999
Flight Standards Section of Flight Standards and Airworthiness Division



Including two Flight Operations Inspector posts to be created

Job Description of Flight Operations Inspector (FOIs) (Existing)

Rank : Senior Operations Officer

Responsible to : Chief, Flight Standards for -

1. Determining and reporting upon the level of operational safety of the holders of Air Operator's Certificates (AOC) by means of inspection and surveillance, including -
 - (a) Conducting routine station facility, ramp and base inspections, and any other form of inspection or check considered necessary by Chief, Flight Standards.
 - (b) Conducting routine flight deck and cabin inspections during normal line operations and ensuring flight operations procedures are carried out in accordance with the operator's operations manual and comply with all relevant legislation.
 - (c) Continuously reviewing operator's documentation including operations manuals, training manuals and all other instructions to operating staff.
 - (d) Observing flight crew training, monitoring standards and ensuring training is carried out in accordance with the operator's training manual and comply with all relevant legislation.
2. Ensuring that holders of AOC are aware of any deficiencies found during inspections, and following up on the remedial action taken.
3. Examining persons nominated by operators for appointment as authorised examiners, who are authorised to conduct examinations or checks of flight crew.
4. Observing and reporting upon authorised examiners conducting flight crew proficiency checks, including the issue of initial and recurrent approval.
5. Conducting and reporting on evaluation tests for the approval of flight simulators; and preparing and issuing simulator approval documents.
6. Approving and monitoring operators' schemes for the prevention of fatigue in aircrew.

7. Inspecting and approving emergency procedures training equipment and the persons who control them.
8. Liaison with operators on specialist subjects such as Low Weather Minima Operation, Ground Proximity Warning System, inertial navigation equipment, Traffic Alert and Collision Avoidance System, Satellite Communication, etc.
9. Initial vetting of Mandatory Occurrence Reports.
10. Providing advice and assistance on flight operations matters as required.
11. Exercising delegated authority under the Air Navigation (Hong Kong) Order 1995 (the 1995 Order) concerning matters such as issue of AOC and approval of flight simulator etc.
12. Exercising the powers of an Authorised Person under the 1995 Order concerning matters such as aircrew licensing and rating.

Job Description of Senior Operations Inspector (SOI)
(Under the reorganised Flight Operations Inspectorate)

Rank : Senior Operations Officer

Responsible to : Chief, Flight Standards for -

1. Determining and reporting upon the level of operational safety of the holders of Air Operator's Certificates (AOC) by means of inspection and surveillance, including -
 - (a) Conducting routine station facility, ramp and base inspections, and any other form of inspection or check considered necessary by the Chief, Flight Standards.
 - (b) Ensuring that the operator's documentation including operations manuals, training manuals and all other instructions to operating staff are in compliance with the established operations policies.
 - (c) Observing Commercial Pilot's Licence/Air Transport Pilot Licence pilot training, monitoring standards and ensuring that the training is carried out in accordance with the operator's training manual and complies with all relevant legislation.
2. Taking effective safety oversight functions to ensure that any deficiencies found during inspection of an AOC holder are rectified.
3. Examining persons for appointment as authorised examiners for the grant of Private Pilot Licence.
4. Vetting Flying Training Organisation and ground training courses under relevant Articles of the Air Navigation (Hong Kong) Order.
5. Making recommendations and approving operators' schemes for the prevention of fatigue in aircrew.
6. Liaising with operators on specialist subjects such as Low Weather Minima Operation, Ground Proximity Warning System, inertial navigation equipment, Traffic Alert and Collision Avoidance System, Satellite Communication, Reduced Vertical Separation Minima and the aircrew aspects of satellite-based Communications, Navigation, Surveillance/Air Traffic Management Systems.

7. Reviewing data of the Mandatory Occurrence Reports and the associated safety data analysis.
8. Carrying out duties of inspector-of-accidents as necessary.
9. Supervising the training and career development of Operations Officers.
10. Making recommendation for the renewal of an AOC.
11. Up-keeping of the question bank for the grant of Pilot Licences.
12. Ensuring the compliance of local procedures with the International Civil Aviation Organisation Standards and Recommended Practices.

Job Description of Flight Operations Inspector (Consultant)
(Under the reorganised Flight Operations Inspectorate)

Responsible to Chief, Flight Standards for -

1. Determining and reporting upon the level of operational safety of the holders of Air Operator's Certificates (AOC) by means of inspection and surveillance, including -
 - (a) Conducting routine station facility, ramp and base inspections, and any other form of inspection or check considered necessary by Chief, Flight Standards.
 - (b) Conducting routine flight deck and cabin inspections during normal line operations and ensuring flight operations procedures are carried out in accordance with the operator's operations manual and comply with all relevant legislation.
 - (c) Continuously reviewing operator's documentation including operations manuals, training manuals and all other instructions to operating staff.
 - (d) Observing flight crew training, monitoring standards and ensuring training is carried out in accordance with the operator's training manual and complies with all relevant legislation.
2. Ensuring that holders of AOC are aware of any deficiencies found during inspections, and following up on the remedial action taken.
3. The examination of persons nominated by operators for appointment as authorised examiners for the purposes of Schedules 9 and 11. (See Note 1)
4. Observing and reporting upon authorised examiners conducting flight crew proficiency checks, including the issue of initial and recurrent approval.
5. Conducting and reporting on flight tests for the approval of flight simulators. The preparation and issue of simulator approval documents.
6. Approving and monitoring operators' schemes for the prevention of fatigue in aircrew.
7. The inspection and approval of emergency procedures trainers and the persons who control them.

8. Liaison with operators and implementing policies and operating procedures on specialist subjects such as Low Weather Minima Operation, Ground Proximity Warning System, inertial navigation equipment, Traffic Alert and Collision Avoidance System, Satellite Communication, etc.
9. The vetting of Mandatory Occurrence Reports and ensuring that follow-up actions are initiated by the operators concerned.
10. Providing advice and assistance on Flight Operations and Accidents Investigation matters as required by the Chief, Flight Standards.
11. The exercise of delegated authority under Articles 3, 4(4), (5), (7), (8), (13), (18) and Schedule 2; Articles 6, 12, 18(4), 19, 20 and Part C of Schedule 9; Articles 21, 25, 26, 27 and Schedule 11; Articles 28, 29, 31, 36, 37, 46, 54, 82 and 86 of the Air Navigation (Hong Kong) Order 1995 (the 1995 Order). (See Note 2)
12. Exercising the powers of an authorised person under Articles 20, 27, 59, 87, 88; Part C of Schedule 9 and Schedule 11 of the 1995 Order. (See Note 1)

(Note 1) Schedules 9 and 11 are Schedules to the 1995 Order. Schedule 9 covers areas like minimum age, period of validity, privileges of different classes of pilots' licences issued under the 1995 Order; the aircraft ratings to be incorporated into these licences; and the specific statutory requirements in respect of the validity of certificate of test and certificate of experiences etc. Schedule 11 covers the public transport operational requirements in areas like the operator's crew training and tests, its operation manuals and training manuals.

(Note 2) In general terms, these articles and schedules relate to aircraft registration, marking of aircraft, air operator's certificates, airworthiness and aircraft equipment, aircraft crew licensing and operation of aircraft, etc.

Proposed Organisation Chart
Flight Standards Section of Flight Standards and Airworthiness Division

