

ITEM FOR FINANCE COMMITTEE

HEAD 28 - CIVIL AVIATION DEPARTMENT Subhead 002 Allowances

Members are invited to approve the continued payment of a flight allowance to incumbent Senior Operations Officers occupying Flight Operations Inspector posts in the Civil Aviation Department until completion of the employment contracts that they have already entered into with the Department.

PROBLEM

The Finance Committee's approval for the payment of a flight allowance to Flight Operations Inspectors (FOIs) will expire on 28 January 2000. The remuneration of FOIs without the flight allowance is not sufficiently attractive to enable the Civil Aviation Department (CAD) to retain existing expertise.

PROPOSAL

2. The Director of Civil Aviation (DCA) proposes to retain the flight allowance for the five incumbent FOIs for a further period from 28 January 2000 until completion of the employment contracts that they have already entered into with the Department. The rate of the allowance is pitched at the difference between the pay of an FOI (Master Pay Scale (MPS) Points 45 to 49) and the minimum point on the Directorate Pay Scale, i.e. D1. It ranges from \$10,135 to \$21,765 per month depending on the MPS point reached by the FOI concerned. All incumbent FOIs in CAD are currently drawing an allowance of \$10,135 per month.

/JUSTIFICATION

JUSTIFICATION

Responsibilities of Flight Operations Inspectors

Encl. 1 3. At present, there are six FOI posts on the permanent establishment of CAD. They are headed by the Chief, Flight Standards (D1). The existing organisation chart of the Flight Standards Section is at Enclosure 1. The FOIs, amongst their other duties, advise DCA on the grant and renewal of Air Operator's Certificates, which is essential to ensure that Hong Kong's airlines operate in a safe manner and comply fully with the statutory requirements and procedures. Their existing job description is at Enclosure 2.

Encl. 2

4. Following the guidelines laid down by the International Civil Aviation Organisation, all appointees to 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. 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 in 1988 approved the payment of a flight allowance to the FOIs. Since then the approval has been extended several times, the last of which was for two years up to 27 January 2000.

6. Notwithstanding the payment of a flight allowance, the remuneration of the FOI posts remains unattractive to those qualified. CAD is facing a retention problem amongst the incumbent FOIs. One of the six existing posts is vacant and another is expected to become vacant shortly.

7. Moreover, because of the difficulties in recruiting FOIs, CAD has not been able to effect the creation of two additional FOI posts, which are necessary to cope with the increased workload. CAD conducted two recruitment exercises of FOIs in July 1998 and March 1999. With a view to testing the market situation and finding a long term solution to the recruitment and retention problem, CAD advertised the vacancies without the payment of a flight allowance.

/However

However, the results of the recruitment exercises¹, coupled with those of CAD's earlier enquiries through its industry contacts, confirmed that the basic remuneration for FOIs (i.e. 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.

8. DCA anticipates that if the current approval of payment of the flight allowance to the incumbent FOIs is not extended, he may not be able to retain their service.

The Administration's Proposal

9. To maintain a stable FOI team with the necessary expertise to ensure operational efficiency, the Administration proposes that all five incumbent FOIs who are appointed on civil service agreement terms should continue to be paid the flight allowance until completion of the employment contracts that they have already entered into with the Department. The date of completion for the individual contracts falls between 2001 and 2003.

The Long Term Solution

10. In order to find a long term solution to the FOI retention and recruitment problem, DCA has also conducted a comprehensive review of its Flight Operations Inspectorate and intends to reorganise the duties of all FOI posts. It is his intention to assign the relatively less demanding duties to four posts (including two posts to be created) to be ranked at Senior Operations Officer level as at present, which can be re-titled as Senior Operations Inspector (SOI), and be remunerated at MPS Point 45 to 49, without payment of the flight allowance. These posts can be filled by candidates with professional pilot licences but who 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, the Administration considers that the SOI posts should be on civil service establishment so as to retain expertise in CAD and to localise the Flight Operations Inspectorate in the long term.

11. DCA intends 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

¹ The recruitment exercise conducted in July 1998 attracted 52 applicants but none of them possessed the required experience. The one conducted in March 1999 attracted 34 applicants, but the only applicant who was considered marginally qualified declined the invitation for an interview.

pilots with specific aircraft type and airline management experience. Given the continued problem in retaining existing expertise and recruiting qualified candidates for the FOI duties, the Administration considers that these four FOIs should be remunerated 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, the Administration considers it desirable to appoint the FOIs on non-civil service terms as consultants. The Administration will make a detailed submission to the Establishment Subcommittee on 19 January 2000 on the proposed non-civil service appointment of FOIs.

FINANCIAL IMPLICATIONS

12. The cost of the continued payment of the flight allowance is estimated to be \$108,000 for the remainder of the 1999-2000 financial year and \$517,000 on a full year basis. We have included sufficient provision in the 1999-2000 Estimates to meet the cost of this proposal.

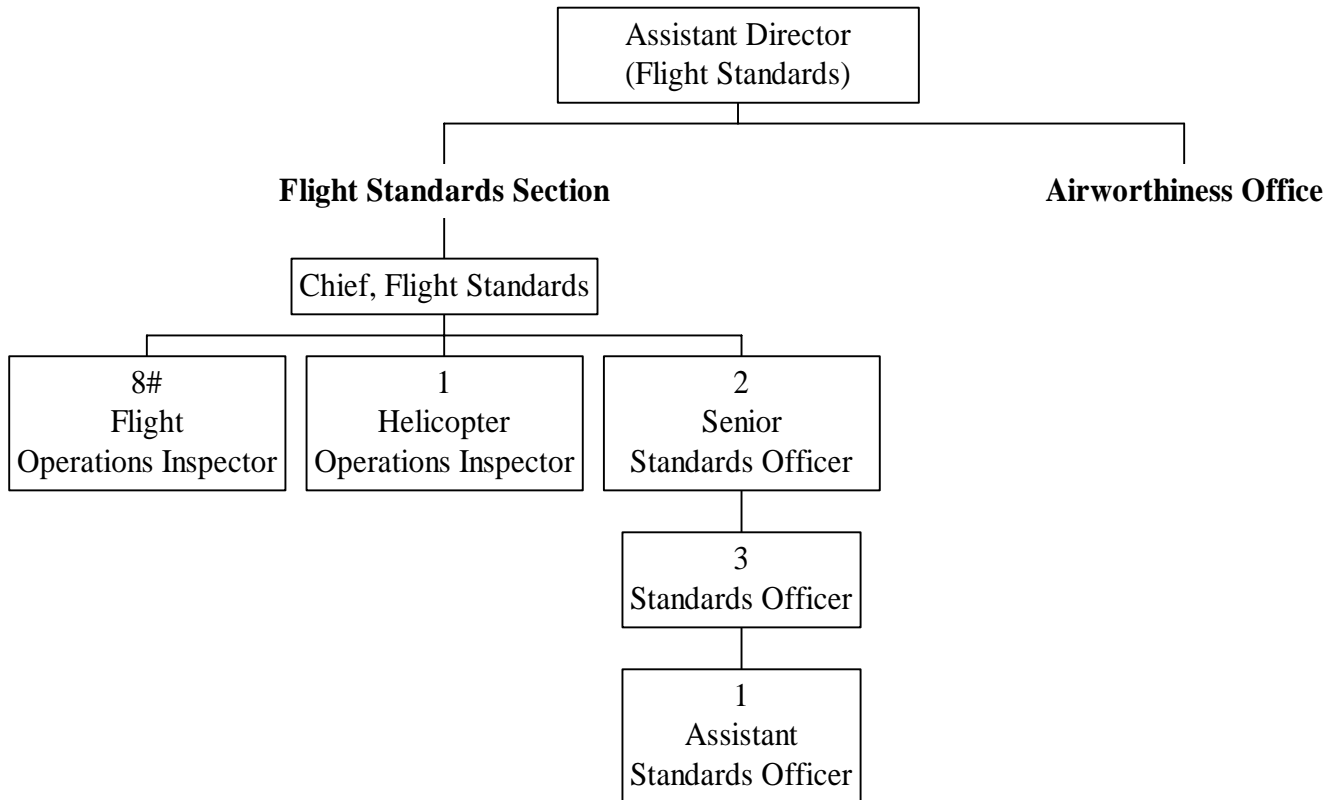
13. The continued payment of the flight allowance has no impact on fees and charges for services provided by CAD.

BACKGROUND INFORMATION

14. Members first approved on 14 December 1988 the payment of a flight allowance to Senior Operations Officers occupying FOI posts in CAD to resolve difficulties in filling these posts. Members further approved on four occasions in 1992, 1994, 1996 and 1998 the continued payment of the allowance, each for a period of two years.

15. In giving the approval in 1998, Members asked the Administration to identify a long-term solution to address problems relating to the retention and recruitment of FOIs and advise the Legislative Council Panel on Economic Services of the outcome of its review. The proposed arrangements set out in paragraphs 9 to 11 above were outlined in an information paper issued to the Panel in October 1999.

**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 (existing Flight Operations Inspector)

Post : Flight Operations Inspector

Rank : Senior Operations Officer

Responsible to : Chief, Flight Standards

Duties and Responsibilities -

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 -
 - 1.1. Conducting routine station facility, ramp and base inspections, and any other form of inspection or check considered necessary by Chief, Flight Standards.
 - 1.2. 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.
 - 1.3. Continuously reviewing operator's documentation including operations manuals, training manuals and all other instructions to operating staff.
 - 1.4. 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.