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Panel on Security

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 7 February 2012**

**Development of Asset Management and Maintenance System
in the Fire Services Department**

Purpose

This paper summarizes past discussions by the Panel on Security ("the Panel") on the development of the Asset Management and Maintenance System ("AMMS") in the Fire Services Department ("FSD").

Background

2. Currently, FSD has about 19 000 types of assets including general vehicles, various types of fire appliances and ambulances, vessels, operational equipment, personal gear, uniform, computer system and office equipment, medicine and consumable items, etc. The effective management and maintenance of these assets is of paramount importance to the discharge of duties by frontline staff and the operations of the department.

3. At the Panel meeting on 17 January 2011, the Administration briefed members on the findings of a management study conducted by the Efficiency Unit for FSD on procurement and related management issues. One of the main issues pointed out in the study was the absence of an integrated computer system in FSD, which caused much of the procurement work to be done manually. In addition, the lack of readily available management information also made it difficult for FSD to monitor the effectiveness of procurement and inventory control, evaluate suppliers' performance and support the procurement planning work. In light of the above, the study recommended FSD to develop an integrated computer system to improve its efficiency and effectiveness in procurement work.

The proposed development of AMMS

4. According to the Administration, AMMS proposed by FSD would be developed on the basis of an off-the-shelf enterprise resource planning system, which could meet the organizational needs on asset management and deployment of other resources through providing a centralized database and integrated functions. FSD would suitably modify the system to meet its needs. The system would provide an integrated electronic platform for different units in the department to carry out work on procurement planning, acquisition, inventory control, asset management and repair and maintenance for their assets and equipment.

Deliberations of the Panel

5. At its meeting on 6 December 2011, the Panel was consulted on the Administration's proposal to develop AMMS in FSD.

6. Members noted that much of the existing procurement work was done manually due to the absence of an integrated computer system in FSD. Information was sought on the number of staff deployed for the procurement work currently and after the implementation of the proposed AMMS, and the cost and manpower savings with the implementation of the proposed AMMS.

7. According to the Administration, the number of FSD staff members deployed for the procurement work of FSD prior to and after the implementation of the proposed AMMS would remain at 53. The notional savings of \$6.54 million per annum brought about by the implementation of the proposed AMMS would be achieved through productivity gains by automating some clerical work in planning, acquisition, inventory control, maintenance and disposal of old equipment. The notional savings of 116.92 man-months in FSD manpower would be internally redeployed to plan, monitor and follow up on procurement projects, and support other clerical needs.

8. Regarding the concern about the monitoring of the procurement by the proposed AMMS, members were advised that the existing procurement planning and management were inefficient which involved FSD staff members from different units. With the implementation of the proposed AMMS, the procurement process would be expedited by streamlining procedures, and the manpower saved would be deployed to reinforce procurement planning and management. AMMS would keep FSD's procurement records which would be

readily available for reference in future purchase of the same asset, thus enhancing the effectiveness and efficiency in asset management.

9. Members noted that the total non-recurrent expenditure and the annual recurrent expenditure of the implementation of the proposed AMMS would be around \$52 million and \$5.39 million respectively, while the implementation of the proposed AMMS would bring about annual savings of \$8.53 million. Concern was raised over the benefits of such an implementation, considering the actual annual savings of around \$3.14 million only after investing around \$52 million in non-recurrent expenditure for a computer system that might become obsolete in a few years. Members requested the Administration to provide detailed information on the benefits of the implementation of AMMS, including the itemization of the quantity or quality of the benefits or improvements that it would bring to FSD, and examples for illustration.

Latest development

10. The Administration will brief the Panel at the meeting on 7 February 2012 on the information referred to in paragraph 9 above.

Relevant papers

11. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

**Relevant papers on
Development of asset management and maintenance system
in the Fire Services Department**

Committee	Date of meeting	Paper
Panel on Security	6.12.2011 (Item IV)	<u>Agenda</u> Minutes

Council Business Division 2
Legislative Council Secretariat
1 February 2012