

Dear Sir,

1. I understand that in the forthcoming meeting on 14 July 2014, the Panel will spend the first half hour to discuss the risky Autotrac3 (AT3) System purchased by Civil Aviation Department (CAD).
2. All along, CAD has repeatedly been telling lies to the public, LegCo Councillors and government departments to cover up their maladministration in procurement of the risky AT3 System (a list of CAD's lies is attached for your information).
3. The effective way to find out the truth is to **ask the most senior officers from CAD or Transport and Housing Bureau (THB) [such as Mr Lo Shung Man of CAD or Mr Yau Shing Mu of THB] to attend the meeting** so the Panel can force them to tell the truths in particular ;
 - (a) Problems of the newly purchased AT3 System causing the system delay significantly from September 2013 to 2015 and even further.
 - (b) **How can the AT3 System handle more than 100 flights/hour when the 3rd Runway in use** in view of the following problems :-
 - (i) Since the AT3 software had failed to handle 35 flights/hour in Delhi Airport at India, how can it handle the current Hong Kong air traffic of 68 flights/hour and over 100 flights/hour after the 3rd Runway in use.
 - (ii) Due to the poor/unreliable performance of the AT3 software, Airport Authority of India (AAI) (a) has purchased another system to replace their AT3 at Delhi Airport and (b) cancelled the AT3 contract with Raytheon for their Calcutta Airport.
 - (iii) After knowing the unresolved problems of the AT3 System, no airport in the world dares to purchase this risky system. Hong Kong is the last buyer.
 - (iv) The prolonged delay of CAD's AT3 System indicated that there are still numerous unresolved deficiencies in the system.

4. Beside, the Panel should question CAD about the followings in the meeting :-

(a) Why CAD awarded the contract to Raytheon even the proposed AT3 System was noncompliance with the tender requirements. This breached the rules of Government Procurement Agreement of World Trade Organization (GPA of WTO).

(b) Why CAD tailor-made the tender requirements to meet the critical conditions of the AT3 System.

(c) Why CAD allowed Raytheon to increase the contract price significantly by HK\$89M after contract award.

(d) Why CAD did not ask Raytheon to pay HK\$52,190 per delay day from September 2013 according to the contract requirement.

5. For the safety of the air traffic and human life in Hong Kong, Panel should consider to stop CAD from using such risky AT3 System. Hong Kong should follow AAI to replace this risky AT3 System with other reliable system in the market.

I sincerely hope Hon. Tien would ask senior officers from CAD and THB to answer the above queries in the meeting. If so, I will work with Hon. Albert Chan to produce a simple list of questions for the members to question CAD in the meeting. Also, supporting documentary evidences will be provided.

Please let me know your decision ASAP. Thank.

Best regards,
Chris Leung

CAD had lied to the Public

To cover up (a) the procurement of unproven and risky Air Traffic Management System (i.e. AutoTrac3 (AT3) System) from Raytheon and (b) the delay of new Air Traffic Control Centre (ATCC) was caused by the unresolved deficiencies of the AT3 System, Civil Aviation department (CAD) including Mr. Norman Lo (head of CAD) had all along told a pack of lies to fool the public as follows [upon request, I can provide documentary evidences to prove the followings].

(A) Lied to Chief Executive, Professor Anthony Cheung and the Press

1. In the CAD Headquarters opening ceremony on 23.5.2013, Mr. Norman Lo dared openly lie to the Chief Executive, C Y Leung; Secretary for Transport and Housing, Professor Anthony Cheung and the Press that the delay in operation of the new ATCC to 2014 was due to ;

(a) Delay of headquarters building for AT3 System installation.

The completion of the headquarter building was really delayed but the building was still available in June 2012 for AT3 System installation as advised by CAD to the press. Since the Implementation Plan in the Contract specified that the AT3 System should be completed within 65 weeks after building available for system installation. Accordingly, the AT3 System should be completed in September 2013 not deferred to end 2014. *Recently, CAD ridiculously told the Apply Daily that the delay will be further prolonged to 2015.*

(b) Due to ATCC project is too complicated, CAD needs more times

In comparison, the “new airport project in 1998” was at least 3 to 4 times more complicated and larger than the current new ATCC project. However, the “new airport project” still could be completed in schedule before the new airport opening in July 1998. CAD used this excuse is totally unacceptable.

(c) Avoided to put the new ATCC in operation in bad weather and long holiday period

The “new airport” was put in operational use on 6 July 1998 which was in typhoon season and long Summer Holiday period. However, all ATC systems still could perform perfectly without any problem. Once again, CAD’s excuse is unacceptable.

2. In fact, the prolonged delay of the new ATCC was due to numerous unresolved deficiencies in the AT3 System. To cover up this, CAD used the above excuses to fool the public.

3. CAD should advise the LegCo whether they had advised Raytheon to pay the liquidated damage of HK\$52,190 per delayed day since September 2013 according to the Contract.

(B) Lied to Legislative Councillors

4. CAD had lied to Legislative Councillors including Hon Albert Chan Wai-yip that (a) the purchased AT3 System has no problem and (b) Airport Authority of India (AAI) is satisfied with AT3's performance at Delhi Airport. In fact, AAI is extremely disappointed with (a) the unresolved deficiencies in the AT3 software and (b) the risky and unreliable performance of it. AAI had already given up using the AT3 software and also taken the following actions :-
 - (a) Cancelling the contract with Raytheon for provision of AT3 System at Calcutta Airport and had purchased other system from Indra Company.
 - (b) Commencing the tendering exercise to replace the AT3 at Delhi Airport on 28 June 2012, just a year, after putting the AT3 software in operational use in April 2011. The replacement contract had already been awarded to Indra Company.
 - (c) For air traffic safety in India, up to now, AAI is only using the unreliable AT3 software in the main system while the backup system is still using the old but reliable AT2 software.
5. Apart from the above, the followings also proved AT3 System cannot be used in Hong Kong :-
 - (a) Since the AT3 software cannot handle the air traffic at Delhi Airport with capacity of 30-35 flights/hour and 50 air traffic controller positions, how can it manage Hong Kong's dense air traffic with capacity of 68 flights/hour (even over 100 flights/hour after the 3rd runway in use) and 120 controller positions.
 - (b) After knowing the unresolved deficiencies in the AT3 System, no airport purchases this risky system. Hong Kong is the last buyer.

(C) Lied to the Review Body set up by Trade and Industry Department

6. Trade and Industry Department had set up a Review Body to investigate whether CAD had conducted the tendering exercise without compliance with the rules of the Government Procurement Agreement of World Trade Organization (GPA of WTO). However, CAD had misled the Review Body in the following manners :-
 - (a) CAD did not tell the Review Body that Raytheon only sold their newly developed "AT3 software" not "AT3 System" to Delhi Airport and Mumbai

Airport. There was no AT3 System existed in the world in the course of tender evaluation.

(b) In letter dated 23.12.2013 to Hon Albert Chan, CAD confirmed that AAI was accepted to put the “AT3 software” in operational use in 2011 (exact date was in April 2011) at Delhi Airport. However, the Review Body was misled that AAI had accepted the “AT3 System” before CAD’s tender closing date of 5.2.2010.

(c) CAD confirmed to the Apply Daily this month that its project team had only visited Delhi Airport in 2013. However, the Review Body was misled that CAD had visited Delhi Airport to study the performance of AT3 System under live air traffic in the course of tender evaluation in 2010.

(d) After breaking-up the business partnership with Indra Company, Raytheon could not use those components (such as Flight Data Processor (FDP)) originally designed by Indra Company and therefore had to develop its owned components from scratch. Why the Review Body was misled that those newly developed components used new technology which never be used in other system before. It is ridiculous.

7. The Review Body was misled by CAD into making wrong findings/decisions in the Bid Challenge No.02 of 2011.

(D) Lied to Central Tender Board

8. CAD lied to Central Tender Board in the following manners :-

(a) CAD also did not tell the Review Body that Raytheon only sold their newly developed “AT3 software” not “AT3 System” to Delhi Airport and Mumbai Airport. There was no AT3 System existed in the world in the course of tender evaluation.

(b) CAD lied that the proposed AT3 System was full compliance with all mandatory and essential technical requirements in the Tender Document, otherwise the Central Tender Board would not agree to award the Contract to Raytheon. In fact, the proposed AT3 System was a newly developed system with no proven performance record which was at least noncompliance with the essential requirements in the Clause 8.4 of the Conditions of Tender.

(c) CAD lied that the increased contract price of HK\$89M was mainly for modification of Application Software to enhance the system and Human Machine Interface features. In fact, it was used for rectification of the

unresolved deficiencies in the AT3 System as mentioned in Paragraphs 3 and 4 above.

- (d) CAD did not tell the Central Tender Board about the cost of the “whole Application Software” is around HK\$89M, otherwise the Central Tender Board would not accept such simple modification of Application Software required HK\$89M similar to the “whole Application Software” cost.
