

立法會
Legislative Council

LC Paper No. CB(4)483/15-16(09)

Ref. : CB4/PL/EDEV

Panel on Economic Development
Meeting on 26 January 2016

Background brief on
staffing proposal to strengthen senior management
in Civil Aviation Department

Purpose

This paper provides background information on the proposed creation of a deputy director ("DD") post for strengthening the senior management of the Civil Aviation Department ("CAD"), and views expressed by Members on relevant matters.

Background

2. The Administration proposed to create a new DD post to head CAD's administration and finance divisions to strengthen the work procedures and procurement process as recommended in Report No. 63 of the Director of Audit on the results of value for money audits ("the Audit Report"). The office bearer will also be involved in a range of issues, including the administration of the air traffic control ("ATC") and related services, implementation of the three-runway system ("3RS") project and overseeing legislative amendments related to civil aviation.

Administration of ATC and related services

3. The Audit Commission ("Audit") has conducted a review of CAD's administration of ATC and related services, in particular the implementation progress of the Air Traffic Management System ("ATMS") contract, with a view to identifying issues that warrant attention and the key challenges ahead. The findings of the review, as outlined in paragraphs 4 to 6 below, were issued in Chapter 4 of the Audit Report.

Management of the new ATC system project

4. In 2007, CAD obtained funding of \$1,565 million to replace the existing ATC system which would be approaching the end of its usable life by 2012. The new ATC system was targeted for commissioning in December 2012. CAD implemented the new ATC system project through eight major contracts. While seven of the eight contracts were substantially completed within their scheduled times, there was delay in implementing the ATMS contract. Longer than expected time was taken to test and evaluate the system and a considerable number of deficiencies/observations remained to be followed up during the Site Acceptance Tests. Meanwhile, the existing ATC system was operating above its planned capacity, with frequency of surveillance data display problems increasing since 2011.

Management of the precision runway monitor project

5. In 2000, CAD commissioned a precision runway monitor ("PRM") radar costing \$101.4 million to support the independent mixed mode of operation ("IMMO") of the two runways of the Hong Kong International Airport ("HKIA") with a view to maximizing the utilization of their capacity. Before obtaining funding from the Finance Committee ("FC") in 1996 for procuring PRM radar, CAD had been made aware of the constraints in adopting IMMO by two consultancy studies in 1990 and 1994, (i.e. the International Civil Aviation Organization's requirements on IMMO could not be met due to terrain obstructions, south and northeast of HKIA). However, CAD proceeded with the PRM project on the assumption that there might be advancement in technology to permit simultaneous independent operations and the PRM radar could then support IMMO. In the event, the PRM radar was only put into use for purposes which turned out to be supplemental and were discontinued after some 20 months to 4 years. The PRM radar has been put into standby mode since 2005.

6. In response to the above findings, Audit has recommended that CAD should:

- (a) in conjunction with the ATMS contractor, expedite action in rectifying the outstanding deficiencies/observations in the ATMS and closely monitor the remaining contract work to minimize further project delay; and
- (b) strengthen project appraisal to ensure that all uncertainties/risks impacting on project viability are fully evaluated in a cost-benefit analysis before making procurement decisions.

New Civil Aviation Department headquarters

7. In January 2008, FC approved funding of \$1,997 million to construct the new headquarters for CAD with a construction floor area of about 65 000 m² and net operational floor area of about 22 775 m². The new headquarters was commissioned on schedule in December 2012 and the actual expenditure was within the approved provision. Audit has conducted a review of the provision of office accommodation and facilities in the new headquarters and its findings are outlined in paragraphs 8 to 11 below (Chapter 3 of the Audit Report).

Deviations from approved schedule of accommodation

8. According to the Accommodation Regulations ("ARs"), schedules of accommodation must be vetted by the Government Property Agency ("GPA") and approved by the Property Vetting Committee ("PVC") for departmental specialist accommodation. While PVC approved a reserve area of 3 240 m² for future expansion, an additional 1 500 m² for expansion beyond 2025 was also built instead of making provision in the building foundation and design as originally intended. With the exception of the Architectural Services Department ("ArchSD"), other PVC members (namely GPA and the Financial Services and the Treasury Bureau ("FSTB")) had not been informed of the change. The 1 500 m² area was not mentioned in the funding application to the FC of the Legislative Council ("LegCo"), nor were the Panel on Economic Development ("the Panel") and the Public Works Subcommittee ("PWSC") informed of the 1 500 m² area. While the 1 500 m² area was not expected to be used by CAD for some years, no provision was made in the building design to facilitate its interim use by third parties.

9. Three facilities in the new CAD headquarters were not built in accordance with the approved schedule of accommodation, i.e. the toilet/shower facilities in the Director-General of Civil Aviation ("DGCA")'s office, the rest rooms for accident investigators and the converted use of part of the education path as a multi-function room for recreational and meeting purposes.

Provision of furniture and equipment

10. CAD had not complied with the Government's requirements in seeking FSTB's prior approval for purchasing equipment. CAD purchased more liquid crystal display ("LCD") video display units than that mentioned in its application to FSTB for approval. Justifications for these extra units had not been vetted by FSTB.

11. In view of the above findings, Audit has recommended that CAD should:

- (a) strengthen internal controls over compliance with government regulations and guidelines in managing building projects;

- (b) ensure that full information on expansion area of building projects is included in submissions to LegCo; and
- (c) review the space utilization of CAD premises and the operational needs for a number of equipment.

The three-runway system project

12. As regards the implementation of 3RS, CAD has mainly been involved in matters related to "air wall"¹ and airspace constraints. To formulate measures to improve airspace structure and ATC arrangements in the Pearl River Delta ("PRD") region, a Tripartite Working Group ("TWG") comprising also the Civil Aviation Administration of China and Civil Aviation Authority of Macao has been set up since 2004. In 2007, TWG drew up and agreed to the "PRD Region Air Traffic Management Planning and Implementation Plan (Version 2.0)" ("the 2007 PRD Airspace Plan"), which clearly stipulated the short, medium and long term optimization targets and measures to be achieved and implemented before 2020. The plan has taken into account the operational need of 3RS, as well as the planned development of other key airports in the PRD (including three runways in Shenzhen and an eventual five-runway system in Guangzhou).

Concerns expressed by Members in previous discussions

13. Subsequent to the release of the Audit Report in October 2014, the Public Accounts Committee ("PAC") held six public hearings to receive evidence on the Audit Report regarding the administration of ATC and related services and two public hearings for the new CAD headquarters. A Member has also raised an oral question at the Council Meeting of 4 November 2015 in respect of engaging external experts in the management of the new ATC system. Major concerns expressed and the Administration's responses are highlighted in ensuing paragraphs.

¹ According to the Administration, the so-called "air wall" between the Hong Kong and Mainland airspace is more appropriate to be termed as "point of control transfer" (between ATC jurisdictions). It refers to an arrangement between Hong Kong and the Mainland's ATC units to fix a minimum altitude of 15 700 feet for handover of flights between Hong Kong and the Mainland air traffic control units (The handover altitude has been lowered/relaxed from 15 700 feet to 12 800 feet since 2005 for non-peak hours at night (i.e. 1 am – 7 am)). Such arrangement follows normal international civil aviation arrangement that seeks to segregate the operations of aircraft in the adjacent airspace, thus preventing aircraft tracks from crossing so as to ensure the safe operation of aircraft.

Administration of air traffic control and related services

Management of the new ATC system project

14. PAC found it appalling and totally unacceptable that the new ATC system, which was targeted for commissioning in December 2012, was not yet in operation in 2016 and such delay might pose a serious threat to Hong Kong's aviation safety and might have an adverse impact on Hong Kong's position as an international and regional aviation hub. PAC expressed concern that a number of outstanding deficiencies/observations remained and urged CAD to ensure that all these outstanding issues must be completely and satisfactorily resolved in a timely manner prior to putting the new ATMS into operation.

15. The Administration advised that CAD had urged the Contractor to expedite action in rectifying the outstanding observations in the ATMS and to closely monitor the remaining work through enhanced communication and supervision to ensure minimum possibility of project delay. In addition, all the acceptance test events of the new ATMS had been conducted in accordance with the requirements specified in the contract. CAD was generally satisfied with the test results and would continue to closely monitor the Contractor's performance. The new ATC system was expected to be ready for operation in the first half of 2016. The Transport and Housing Bureau ("THB") would also consider allocating additional resources to strengthen the senior management of CAD to ensure that the administrative management, resource planning, liaison and coordination work of CAD could be conducted effectively.

16. PAC also asked THB to consider engaging external and independent experts immediately to assess the safety and performance of the new ATMS as well as the progress of implementing the ATMS contract. At the Council Meeting on 4 November 2015 when a PAC member asked an oral question on the details and progress of appointment of an overseas consultant, the Administration advised that the National Air Traffic Services from the United Kingdom, an independent consultant, had just been appointed. The consultant would assist the Administration to ascertain the operation readiness and staff readiness of the new ATC system before giving consent to the commissioning of the new ATC system.

17. Regarding the ageing effect of the existing ATC system, PAC urged CAD to closely monitor the existing ATC system and take pro-active effective measures to ensure that the existing ATC system would be timely maintained in good operational conditions until the new ATC system was commissioned. The Administration advised that CAD had stepped up efforts to enhance maintenance measures to address surveillance data display ("SDD") problems in the existing ATC system that led to a prominent downward trend on the number

of SDD display problems which continuously fell within the margin of the safety performance indicator.

Management of the precision runway monitor project

18. PAC was concerned that the \$101.4 million PRM radar was only put into use for purposes other than supporting IMMO of HKIA's runways as originally intended, and that the radar had been put into standby mode since January 2005. It expressed strong resentment that though it was made aware of the constraints in adopting IMMO before seeking funding approval for the PRM radar in 1996, CAD still decided to procure the PRM radar based on various assumptions which were not materialized subsequently. There was also no record to show that CAD had conducted necessary risk assessment and evaluated the project's viability.

19. In this regard, PAC urged CAD to develop a mechanism to vet and approve the procurement of major equipment in the future to ensure that the equipment purchased were cost effective and public money were used in a prudent manner. CAD should also ensure in the future that both the pros and cons of a proposed project were provided in the funding application to enable LegCo members to make an informed decision. In response, the Administration advised that CAD had devised mechanisms and updated the related parts of the Departmental Project Procedures Handbook on project appraisal and funding application.

20. Members may wish to refer to the summary of progress made by CAD in implementing Audit's/PAC's recommendations (as at 14 October 2015) at **Appendix I**.

New Civil Aviation Department headquarters

Provision of reserve space for future expansion

21. PAC criticized that CAD had not made a resubmission to PVC regarding the additional 1 500 m² area, and that other PVC members, except ArchSD, had not been informed of the change. It also condemned CAD and ArchSD that the Panel, PWSC and FC of LegCo were not informed of the 1 500 m² area in the papers submitted to them by the Administration, and that no provision was made in the building design for interim use of the 1 500 m² area by third parties. In this regard, it urged CAD to conduct an overall review of the space utilization of CAD premises with a view to identifying any surplus space that should be made available to other users. So far, CAD had completed such a review and GPA had assisted CAD to put the surplus space into temporary use by other government departments for gainful use.

Control over deviations from approved schedule of accommodation

22. PAC considered it inexcusable that the three facilities as mentioned in paragraph 10 in the new CAD headquarters were not built in accordance with the approved schedule of accommodation, not conforming to ARs, and there were inadequacies in the internal control system of CAD to ensure that the user requirements in the tender documents complied with the approved schedule of accommodation. It also condemned CAD for not seeking PVC's prior approval before converting the education path into a multi-function room.

23. In this regard, PAC asked THB to remind departments to take steps to ensure that full information on expansion area of building projects was provided in submissions to PWSC/FC and in the Administration papers for prior consultation with the relevant LegCo panels. In response, THB had already circulated a circular to departments under its purview, requesting them to remind subject officers of the matter regularly.

Provision of furniture and equipment

24. PAC criticized CAD for not seeking FSTB's approval as appropriate for the purchase of the security and electronic systems and LCD video display units. Such incompliance led to violation of Government requirements and an additional expenditure of \$156 000 in purchasing seven replacement units of LCD video display units in 2011.

25. Members may wish to refer to the summary of progress made by CAD in implementing Audit's/PAC's recommendations (as at 13 May 2015) at **Appendix II**.

Issues concerning 3RS

26. The Subcommittee to Follow Up Issues Relating to the Three-runway System at the Hong Kong International Airport ("the Subcommittee") held three meetings on 16 October, 3 November and 1 December 2015, and discussed, among others, related issues on "air wall" and airspace constraints, and aircraft noise charge.

"Air wall" and airspace constraints

27. Noting that CAD had confirmed that the requirement for point of control transfer and the so-called "air wall" were not relevant to runway capacity, a Subcommittee member asked whether the basis for such saying of CAD was because its new ATC system had yet to be implemented to control air traffic. The Airport Authority Hong Kong ("AAHK") advised that the term "air wall" was generally referred to the boundary between adjacent airspaces, and that the

saying "air wall" was not relevant to runway capacity was affirmed by independent aviation experts.

28. On a Subcommittee member's enquiry about whether the new ATC system could cope with ATC upon the full commissioning of 3RS, the Administration replied in the positive. Another Subcommittee member asked why no press releases had been issued by CAD regarding the progress of implementing the 2007 PRD Airspace Plan. The Administration advised that CAD had issued press releases on the matter in the past, the latest one in October 2015.

29. Some Subcommittee members were concerned that if the constraint of the PRD airspace could not be fully addressed, the maximum runway capacity of 3RS could not be achieved. The Administration replied that it planned to brief members on related issues at a future meeting of the Subcommittee.

Aircraft noise

30. Noting that the noise brought to residents of Ma Wan by equipped aircraft using J7 flight path for taking off was lower, a Subcommittee member asked whether AAHK would consider reducing the landing and departure fees charged on those airlines which equipped and deployed aircraft to use the J7 flight path departing from HKIA at night. In response, AAHK advised that it was in discussion with CAD and airlines on introducing a noise charge on noisy aircraft landing in and departing from HKIA during night-time.

Latest development

31. The Administration will brief the Panel at its meeting on 24 March 2016 on the details of the deployment of the new ATMS for HKIA and related safety issues.

32. The Administration plans to seek Panel members' views and support on the proposed creation of a DD post in CAD at its meeting on 26 January 2016 before consulting the Establishment Subcommittee and FC.

Relevant papers

33. A list of the relevant papers, including those available on the LegCo Website (<http://www.legco.gov.hk>), is at **Appendix III**.

**(Enclosure 1 of the Government Minute in response to the Report of
the Public Accounts Committee No. 63A and No. 64)
Administration of the air traffic control and related services
Updated Progress of Implementing Audit's and PAC's Recommendations
(as at 14 October 2015)**

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 2: Management of the new air traffic control system project		
<p>Para 2.23(a) of the Audit Report</p> <p align="center">and</p> <p>Page 73 of the PAC Report (point (b), (c) and (d))</p>	<p>Audit has recommended that the Director-General of Civil Aviation (DGCA) should –</p> <p>(a) in conjunction with the Air Traffic Management System (ATMS) contractor, expedite action in rectifying the outstanding deficiencies/observations in the ATMS and closely monitor the remaining contract work to minimise further project delay; and</p> <p>PAC urges CAD to –</p> <p>(b) ensure that all the deficiencies/observations identified during the Factory Acceptance Tests and Sites Acceptance Tests must be completely and satisfactorily resolved prior to putting the new ATMS into operation;</p> <p>(c) request the Contractor to take all possible effective measures to expedite the implementation of the new ATMS contract; and</p> <p>(d) closely monitor the performance of the Contractor and take pro-active effective measures to ensure that the Contractor settles the outstanding issues in a timely and satisfactory manner;</p>	<p>Civil Aviation Department (CAD) has urged the ATMS contractor to expedite action in rectifying the outstanding observations in the ATMS and to closely monitor the remaining work through enhanced communication and supervision to ensure minimum possibility of project delay. The enhanced measures include establishment of a steering committee on the new ATMS project chaired by Deputy Director-General of Civil Aviation to oversee the implementation of the project and provide steer and advice; submission of regular progress reports, staff resources plans, and rectification plans by the contractor; weekly teleconference between CAD and the contractor's senior management to closely monitor and supervise the work progress of the contractor.</p> <p>After implementing the enhancement measures above, CAD is satisfied with the progress of the ATMS contract. All the acceptance test events of new ATMS have been conducted in accordance with the requirements specified in the contract (including the Site Acceptance Tests, Flight Check Acceptance Tests, Reliability Acceptance Tests and System Integration Tests), in order to ensure that the system operation complies with the contract conditions and CAD's safety requirements. Up to now, CAD was generally satisfied with the test results. For some follow-up</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>items of the system to be addressed, CAD, together with the contractor, have come up with a timetable to address them gradually. CAD will continue to closely monitor the contractor to ensure that the matters are handled in compliance with CAD's requirements.</p> <p>CAD has commenced training for the Air Traffic Control (ATC) operational staff and performing an overall safety assessment on the training of ATC operational staff, operational procedures, transition activities of new ATC systems, etc. to ensure compliance with the International Civil Aviation Organization's (ICAO's) stringent aviation safety requirements. The new ATC system will be ready for operation in the first half of 2016.</p>
<p>Para 2.23(b) and (c) of the Audit Report</p> <p>and</p> <p>Page 73 of the PAC Report (point (e))</p>	<p>Audit has recommended that DGCA should –</p> <p>(b) step up maintenance efforts to address surveillance data display problems (frozen/hang-up) in the existing ATC system; and</p> <p>(c) continue the efforts to deal with the issues of operating the existing ATC system until the new ATC system is available; and</p> <p>PAC urges CAD to –</p> <p>(e) closely monitor the existing ATC system and take pro-active effective measures to ensure the existing ATC system is timely maintained in good operational conditions</p>	<p>CAD has stepped up efforts to enhance maintenance measures to address surveillance data display (SDD) problems in the existing ATC system. In the last year, the availability of the existing ATMS had continuously exceeded the requirements of international standards. Through a one-off enhancement measure for the existing ATMS conducted in 2014, including upgrading the relevant SDD workstations and optimising radar signal inputs etc. to reduce the system loading, the number of SDD display problems has seen a prominent downward trend and continuously falls well within the margin of the safety performance indicator.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	until the new ATC system is commissioned;	
Page 74 of the PAC Report (point (f))	<p>PAC urges CAD to –</p> <p>(f) consider formulating a contingency plan as soon as possible to deal with the termination of the ATMS contract in case that the Contractor has failed to provide a safe, reliable and stable system by the first half of 2016 or any other indicative date to be set by CAD/Transport and Housing Bureau (THB);</p>	<p>CAD has formulated a contingency plan to ensure the existing system can continuously provide a safe, reliable and stable ATC service.</p> <p>In view of the above, after implementation of a series of measures, CAD is satisfied with the progress of new ATMS contract. The new ATC system will be ready for operation in the first half of 2016.</p>
Page 74 of the PAC Report (point (g))	<p>PAC urges CAD to –</p> <p>(g) consider engaging external experts to assist in the procurement of complex systems in the future;</p>	<p>CAD has engaged an independent consultant from overseas since 2012 for providing safety assessment for the new ATC system to ensure that the contractor keeps up with the international quality standards and the ICAO's safety requirements in the process of system development. CAD will suitably adopt the consultant's advice to complete the safety assessment of the new ATC system.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Page 74 of the PAC Report (point (h))	<p>PAC urges CAD to –</p> <p>(h) ensure that for future tenders, all foreseeable requirements are included in the tender specifications in the first place and the conditions of the contracts are formulated appropriately and clearly in order to achieve the best</p>	<p>CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook to remind project officers to include all foreseeable requirements in the tender specifications in the first place as far as practicable, and the conditions of the contracts are to be formulated appropriately and clearly in order to achieve the best-value-for-money</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	value-for-money purchase for the Government;	<p>purchase for the Government in future tenders.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Page 74 of the PAC Report (point (i))	<p>PAC urges CAD to –</p> <p>(i) ensure that for future tenders, the terms and conditions of the tenders must be interpreted in a fair manner, and any terms with interpretation which may appear to depart from a literal and plain meaning should be made known to all potential tenderers during the tender invitation as far as practicable;</p>	<p>Having sought advice from Government Logistics Department (GLD), CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook, to remind project officers to ensure that the terms and conditions of the tenders must be interpreted in a fair manner, and any terms with interpretation which may appear to depart from a literal and plain meaning should be made known to all potential tenderers during the tender invitation as far as practicable in future procurement.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Page 74 of the PAC Report (point (j))	<p>PAC urges CAD to –</p> <p>(j) consider taking more effective measures as specified in the conditions of tenders (such as visit to reference sites in the case of procurement of the new ATMS) to assess the performance of the tenderers for future major procurement projects;</p>	<p>Having sought advice from GLD, CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook to consider taking more effective measures as specified in the conditions of tenders (such as visit to reference sites in the case of procurement of the new ATMS) to assess the performance of the tenderers for future major procurement projects.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
<p>Page 74 of the PAC Report (point (k))</p>	<p>PAC urges CAD to –</p> <p>(k) update Legislative Council (LegCo) and/or obtain Finance Committee (FC)'s approval, where applicable, in the future for any subsequent substantial variations in its approved funding proposals, such as contract variations or delays in the implementation of major projects;</p>	<p>Having sought advice from GLD, CAD has incorporated the relevant recommendation in the Departmental Project Procedures Handbook. CAD will update LegCo and/or obtain FC's approval, where applicable, in future for any subsequent substantial variations in its approved funding proposals, in addition to strict compliance with the relevant requirements and procedures as specified in the Stores and Procurement Regulations and Agreement on Government Procurement of the World Trade Organization, as well as seeking timely advice from GLD and Department of Justice (DoJ) to ensure fairness and impartiality.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Page 74 of the PAC Report (point (l))</p>	<p>PAC urges CAD to –</p> <p>(l) develop a mechanism to determine whether and when an enhancement to ATMS should be made, in particular for enhancements arising from new requirements from the ICAO;</p>	<p>CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook to consider factors such as international standards/requirements, aviation safety, operational needs and cost-effectiveness, etc. before determining whether and when an enhancement to ATMS should be made.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para 2.23(d) of the Audit Report</p>	<p>Audit has recommended that DGCA should –</p> <p>(d) include all user requirements.</p>	<p>CAD has incorporated the recommendations in the Departmental Project Procedures Handbook, and informed project officers through</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>with time implication in a contract so that the contractor can factor in such requirements in his work programme, and for those requirements arising after the award of contract, make greater efforts to include them in the contract work at the earliest possible opportunity.</p>	<p>internal circular for strict compliance with all the guidelines specified in the Handbook for the procurement of major ATC system in future.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para 2.24 of the Audit Report</p>	<p>Audit has recommended that the Secretary for Financial Services and the Treasury should consider imposing an expenditure ceiling on the unused project estimate of the ATC system.</p>	<p>The Secretary for Financial Services and the Treasury has started working out an expenditure ceiling on the unused project estimate of the ATC system.</p>
<p>Pages 74 and 75 of the PAC Report (Points (a), (b), (c) and (d))</p>	<p>PAC urges THB to –</p> <p>(a) consider engaging external and independent experts immediately to assess the safety and performance of the new ATMS as well as the likelihood of completing Phase 1 of the new ATMS contract by the ATMS Contractor in the first half of 2016, and then formulate a plan on the way forward for the ATC system replacement project accordingly based on the expert findings;</p> <p>(b) closely monitor the performance of CAD to ensure that there will be no further delay in the implementation of the ATC system replacement project;</p>	<p>The Secretary for Transport and Housing has decided to appoint an overseas consultant to advise the Secretary directly and independently. The consultant will assess whether the operations of the new ATC system and the operational staff are both prepared, to ensure that both the system and the operational staff are completely ready before the new system could be commissioned. The recruitment procedure has commenced.</p> <p>To ensure that the administrative management, resource planning, liaison and coordination work of CAD can be conducted effectively, the Government will consider allocating additional resources to strengthen the senior management of CAD.</p> <p>The THB receives regular project update from CAD and provides policy advice to the Department. The</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(c) step up its supervisory role to ensure the effective implementation of major projects by CAD in the future; and</p> <p>(d) update LegCo and/or obtain FC's approval, where applicable, in the future for any subsequent substantial variations in its approved funding proposals, such as contract variations or delays in the implementation of major projects.</p>	<p>Secretary for Transport and Housing has asked the DGCA to expedite actions to handle the remaining follow-up work with the ATMS contractor and arrange training and transition activities for the ATC operational staff, while ensuring the safe and stable operation of the system, such that the new ATC system can transit smoothly and is ready for operation in the first half of 2016.</p> <p>THB has issued a notice to departments under its purview requiring them to remind subject officers regularly to provide the most updated information in preparing LegCo papers.</p>
<p>Page 75 of the PAC Report</p>	<p>PAC requests CAD and THB to update the LegCo Panel on Economic Development on the progress of the ATC project, in particular during the critical period in the coming months leading to the first half of 2016 when the new ATC system is expected to come into operation.</p>	<p>THB and CAD will provide timely updates to the LegCo Panel on Economic Development on the progress of new ATC system project. As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 3: Management of the precision runway monitor project		
<p>Para 3.16(a) of the Audit Report and Page 77 of the PAC Report (point (a))</p>	<p>Audit has recommended that DGCA should –</p> <p>(a) strengthening project appraisal to ensure that all uncertainties/risks impacting on project viability are fully evaluated in a cost-benefit analysis before making procurement decisions; and</p> <p>PAC urges CAD to –</p> <p>(a) develop a mechanism to vet and approve the procurement of major equipment in the</p>	<p>In order to ensure prudent and cost-effective use of public funds, CAD has implemented mechanisms and updated the Departmental Project Procedures Handbook to incorporate the recommendations of the Audit Commission (Audit) on project appraisal.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
<p>Para 3.16(b) of the Audit Report</p>	<p>future to ensure that the equipment purchased are cost effective and public money are used in a prudent manner;</p> <p>Audit has recommended that DGCA should –</p> <p>(b) strengthening the records management of major procurement decisions for public accountability;</p>	<p>CAD has devised mechanisms and updated the Departmental Project Procedures Handbook to incorporate the recommendations of the Audit Commission on record keeping. CAD has also issued internal circulars to remind project officers of the changes to the Departmental Project Procedures Handbook, in particular the requirement to keep records of major and significant procurement decisions for public accountability.</p>
<p>Para 3.16(c) of the Audit Report and Page 77 of the PAC Report (point (b))</p>	<p>Audit has recommended that DGCA should –</p> <p>(c) providing adequate information in the funding application for a capital project to enable the LegCo Public Works Subcommittee/FC to make an informed decision; and</p> <p>PAC urges CAD to –</p> <p>(b) ensure in the future that both the pros and cons of a proposed project, including the potential risks inherent in the project and all relevant contingent factors, are provided in the funding application to enable LegCo Members to make an informed decision on whether to support the project.</p>	<p>CAD has devised mechanisms and updated the Departmental Project Procedures Handbook to incorporate the recommendations of the Audit Commission on funding application. In future, sufficient information regarding the pros and cons of the proposed project, including any intrinsic potential risks and all relevant contingent factors, shall be provided in the funding applications to LegCo to facilitate LegCo Members in their making of informed decisions on whether or not to support the project.</p> <p>As these recommendations will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 4: Administration of air traffic control service related charges		
<p>Para 4.17(a) of the Audit Report and Page 78 of the PAC Report (point (c))</p>	<p>Audit has recommended that DGCA should –</p> <p>(a) conduct a review after implementing the en-route navigation charge (ENC) level recommended in each fees and charges review to ensure that the charge level is conducive to achieving full-cost recovery; and</p> <p>PAC urges CAD to –</p> <p>(c) adhere to the Government's "user pays" principle in determining the ATC service charges and ENCs in the future;</p>	<p>In future, CAD will continue to review the ENC rate in accordance with the Government's established policies and procedures. Having taken into account the recommendations of the Audit and the PAC, CAD shall conduct a review after implementing the ENC level recommended in each fees and charges review to ensure that the charge level is conducive to achieving full-cost recovery and adhering to the Government's "user pays" principle.</p>
<p>Para 4.17(b) of the Audit Report</p>	<p>Audit has recommended that DGCA should –</p> <p>(b) re-examine the proposed ENC rate for 2014-15 with due regard to the full-cost recovery principle;</p>	<p>CAD has re-examined the level of ENC rate. With the approval already given by THB and Financial Services and the Treasury Bureau, CAD has consulted the industry. The revised ENC rate has been implemented on 1 October 2015.</p>
<p>Para 4.17(c) of the Audit Report and Pages 77 - 78 of the PAC Report (point (a) and (b))</p>	<p>Audit has recommended that DGCA should –</p> <p>(c) take effective measures to prevent the loss of revenue in default ENC cases, including :</p> <p>(i) demanding a security deposit or banker's guarantee from specific airline operators using the CAD's navigation services on a case-by-case basis having regard to their payment records;</p>	<p>CAD has taken follow-up actions to prevent the loss of revenue, including demanding banker's guarantees from operators with unsatisfactory ENC payment records, reminding the airline operators of their contractual obligation to pay ENC and taking legal actions against defaulting airline operators as appropriate.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(ii) reminding the airline operators of their contractual obligation to pay ENC's when they first submit flight plans to the CAD for using the Hong Kong airspace and in all demand notes sent to them; and</p> <p>(iii) taking legal actions against defaulting airline operators as appropriate; and</p> <p>PAC urges CAD to –</p> <p>(a) take effective follow-up actions to recover the overdue ENC's as soon as possible; and</p> <p>(b) expedite the progress in exploring the feasibility of demanding a security deposit or banker's guarantee from all operators on a case-by-case basis having regard to the operator's payment records.</p>	<p>As these recommendations will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 5: Administration of the mandatory occurrence reporting scheme		
<p>Para 5.22 (a) of the Audit Report and Page 79 of the PAC Report (point (a) and (c))</p>	<p>Audit has recommended that DGCA should –</p> <p>(a) strengthen the management of the mandatory occurrence reporting (MOR) database to ensure that it can support the monitoring of follow-up actions on reported MOR cases; and</p>	<p>CAD has strengthened the management of the MOR database and implemented effective measures to closely monitor the reporting of MOR within the required timeframe, assignment of risk level to each MOR, implementation of follow-up actions and case closure, and timely updating of MOR. CAD will ensure that the MOR scheme could effectively enhance flight safety.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
<p>Para 5.22 (b) of the Audit Report</p> <p>Para 5.22 (c) of the Audit Report</p>	<p>PAC urges CAD to –</p> <p>(a) take measures to ensure the accuracy of the MOR database at all times; and</p> <p>(c) take effective measures to improve the collation of information for the MOR database, and the subsequent analysis and follow-up actions by making reference to the experience gained on the MOR Scheme since the relevant guidelines were issued in 1999, with a view to improving air traffic safety;</p> <p>Audit has recommended that DGCA should –</p> <p>(b) closely monitor the timeliness of reporting MOR cases and take targeted action in warranted cases such as cases of frequent and long delay in reporting;</p> <p>Audit has recommended that DGCA should –</p> <p>(c) consider revising the MOR reporting form to facilitate reporting organisations/personnel to indicate the dates when the reportable occurrences come to their knowledge (if different from the dates of the occurrences);</p>	<p>CAD will closely monitor the timeliness of reporting MOR cases. Flight Operation Notice has been issued to the industry reminding them the four-day reporting legal requirement in July 2014.</p> <p>The reporting forms have been revised and published on the CAD website.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para 5.22 (d) of the Audit Report	<p>Audit has recommended that DGCA should –</p> <p>(d) remind case officers to strictly follow the laid-down procedures in assigning the risk levels for MOR cases and consider enhancing the MOR database to capture the risk information of the ATC related cases to facilitate management review;</p>	<p>The MOR cases will be assessed and assigned a risk level upon receipt and entered into the MOR database. The internal instruction has been issued in October 2014, reminding case officers of the need to strictly follow the laid-down procedures. Consideration has been given to upgrading the MOR database to capture the risk information of the ATC related cases to facilitate management review.</p>
Para 5.22 (e) of the Audit Report	<p>Audit has recommended that DGCA should –</p> <p>(e) continue to monitor cases of obstruction of aircraft by airport vehicles through the MOR system and instigate regulatory action if the situation persists;</p>	<p>All the past cases relating to “airport vehicles not giving way to aircraft” were minor in nature and under control. CAD will continue to monitor cases of obstruction of aircraft by airport vehicles through the MOR system and instigate regulatory action if the situation persists.</p>
<p>Para 5.22 (f) of the Audit Report and</p> <p>Page 79 of the PAC Report (point (b))</p>	<p>Audit has recommended that DGCA should –</p> <p>(f) closely monitor the long outstanding MOR cases to ensure that timely follow-up actions have been taken and properly recorded; and</p> <p>PAC urges CAD to –</p> <p>(b) ensure that follow-up actions on long outstanding cases are taken in a timely manner.</p>	<p>CAD has strengthened the monitoring of the follow-up and closure of MOR cases. Cases requiring a longer period of investigation would require approval by the management and must be recorded in the MOR database.</p> <p>As these recommendations will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 6: Way forward		
Para 6.7 of the Audit Report	Audit has recommended that DGCA should conduct post-completion reviews of major procurement projects undertaken by the CAD (including the new ATC system project), taking into account the audit observations and recommendations in this Audit Report.	After completion of major procurement projects including new ATC system project, CAD will conduct a post-implementation review. CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook, and informed project officers through internal circular to strictly comply with all the guidelines specified in the handbook. As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.

**(Enclosure 11 of the Government Minute in response to
the Report of the Public Accounts Committee No. 63)**

**New Civil Aviation Department Headquarters
Updated Progress of Implementing Audit's and PAC's Recommendations
(as at 13 May 2015)**

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 2: Provision of Reserve Space for Future Expansion		
Para. 2.25 of the Audit Report	<p>Audit has recommended that the Director of Architectural Services should –</p> <p>(a) remind client departments to timely inform the Property Vetting Committee (PVC) of significant changes in user's accommodation requirements so that the PVC can make an informed decision on whether to support such changes in the schedule of accommodation (SoA); and</p> <p>(b) take measures to ensure that –</p> <p>(i) PVC meetings should be convened for members to exchange views and to clarify understanding on important matters which could be subject to different interpretation;</p> <p>(ii) full information on expansion area of building projects is included in the Public Works Subcommittee (PWSC)/Finance Committee (FC) submissions and in the Administration papers for prior consultation with the relevant LegCo panels; and</p>	<p>On 8 May 2014, the PVC Chairman issued a memo reminding heads of departments to submit SoA to the PVC for approval in a timely manner.</p> <p>On project administration level, on 9 February 2015, the Architectural Services Department (ArchSD) issued an internal instruction highlighting the procedures in carrying out building projects in ensuring that the government accommodations and facilities are constructed in accordance with approved SoA, including changes to approved SoA.</p> <p>As agreed at its meeting on 22 January 2015, the PVC would convene ad-hoc meetings whenever necessary in addition to the quarterly meetings to consider more complicated cases which may be subject to different interpretation.</p> <p>On 9 February 2015, ArchSD issued an internal instruction requiring project officers to ensure all future expansion areas will be clearly reflected in the submissions to LegCo panels and PWSC/FC.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(iii) for building projects with reserve areas to be built on day one for expansion in the distant future, allowance is made in the building design, after consultation with the user departments, to facilitate interim use of the areas by third parties.</p>	<p>As a reminder to project officers the need to make allowance in the building design for interim use of the reserve areas by third parties after consultation with the user departments, ArchSD conducted a sharing session and issued a Lessons Learnt on 15 January and 18 February 2015 respectively.</p> <p>As the follow-up actions will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<p>Para. 2.26 of the Audit Report and Page 157 of the PAC Report (item(d))</p>	<p>Audit has recommended that the Director-General of Civil Aviation should –</p> <p>(a) take measures to ensure that</p> <p>(i) the tender specifications for new building projects adhere strictly to the approval given by the PVC;</p> <p>(ii) in case of subsequent significant changes in user requirements, a resubmission is made to the PVC; and</p> <p>(iii) for building projects with reserve areas to be built on day one for expansion in the distant future, allowance is made in the building design to facilitate interim use of the areas by third parties;</p> <p>(b) take steps to ensure that full information on expansion area of building projects is included in the PWSC/FC submissions and in the Administration papers for prior consultation with the relevant LegCo Panels; and</p>	<p>(a) and (b)</p> <p>The Civil Aviation Department (CAD) has updated the departmental project procedures handbook specifying that the project officers, when conducting building construction projects, shall conduct thorough checking of tender specifications against the net operational floor area (NOFA) approved by PVC, and maintain close communication with relevant B/Ds to ensure a uniform understanding among all relevant parties of the approved NOFA. They shall also include full information in the submissions to LegCo. In addition, project officers should seek prior approval from PVC before making any significant changes to the facilities and provision approved in the SoA, and consider how to put the space into gainful use from the value-for-money perspective. CAD has informed all relevant staff of the changes in the updated handbook.</p> <p>CAD will follow the provisions in the Accommodation Regulations (ARs) to</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(c) in consultation with the Government Property Administrator, conduct an overall review of the space utilisation of the Civil Aviation Department (CAD) premises taking into account the timing and operational requirements in the CAD's latest expansion plan with a view to identifying any surplus space that should be made available to other users.</p>	<p>review the utilisation of the office space and facilities of the headquarters building regularly to ensure gainful use of space.</p> <p>CAD will continue to take effective measures to strengthen internal control. CAD has issued a circular to inform staff of the audit findings and lessons learnt, and will also circulate to staff regularly the updated government accommodation and financial regulations and guidelines, and remind them of the need to follow the prevailing regulations and guidelines of the Government, and seek guidance from the relevant B/Ds whenever needed. On the other hand, CAD has liaised with the Civil Service Training and Development Institute (CSTDI) and the Government Records Services (GRS) to arrange staff to attend appropriate courses on project management, record management, etc., to enhance their relevant knowledge.</p> <p>(c) CAD has completed the overall review of space utilisation of its premises. Government Property Agency (GPA) will assist CAD to put the surplus space into temporary use.</p> <p>Regarding the 1 500 m² reserve area built at the new CAD headquarters, CAD has obtained approval of PVC to use 926m² of the space concerned as office space for the 119 additional staff. GPA has also assisted CAD to provide the remaining 574m² of the space concerned to other government departments for temporary use with a view to making gainful use of the space.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>As the follow-up actions will be implemented on an on-going basis, we recommend this part be deleted from the next progress report.</p>
<p>Para. 2.27 of the Audit Report and Page 157 of the PAC Report (3rd bullet point)</p>	<p>Audit recommended that the Secretary for Transport and Housing should regularly remind departments under his purview to take steps to ensure that full information on expansion area of building projects is provided in the PWSC/FC submissions and in the Administration papers for prior consultation with the relevant LegCo Panels.</p>	<p>The Transport and Housing Bureau (THB) has already circulated a circular to departments under its purview, requesting them to regularly remind subject officers of the need to provide full information when preparing relevant submissions to the LegCo.</p> <p>As the follow-up actions will be implemented on an on-going basis, we recommend this part be deleted from the next progress report.</p>
<p>Para. 2.28 of the Audit Report and Page 159 of the PAC Report (para. 64(d))</p>	<p>Audit recommended that the Secretary for Financial Services and the Treasury Administrator should remind user departments and works agents of building projects with reserve areas to be built on day one for expansion in the distant future to make allowance in the building design to facilitate interim use of the areas by third parties.</p>	<p>GPA has adopted the practice to include a note in the SoA approval memorandum to remind user departments and works agents to make allowance in the building design to facilitate interim use by third parties in respect of any areas that are provided for future expansion.</p> <p>As the follow-up actions will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<p>Part 3: Control over deviations from approved schedule of accommodation</p>		
<p>Para. 3.18 of the Audit Report</p>	<p>Audit has recommended that the Director of Architectural Services should keep under review the implementation and effectiveness of the electronic room data sheet information system to ensure that any discrepancies between room data sheets and approved schedules of accommodation are reconciled before tender invitations.</p>	<p>Since May 2014, ArchSD has set up the electronic room data sheet information system (RDSIS), using information technology to more effectively compare the accommodation requirements from user departments against the approved SoA. The ArchSD internal instruction providing project officers with the guidelines and procedures on the RDSIS was also promulgated on 20 May 2014. ArchSD will keep</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>under review the effectiveness of the RDSIS.</p> <p>As the follow-up actions will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<p>Page 157 of the PAC Report (para. 63(a) & (b))</p>	<p>PAC urges the Director of Architectural Services to –</p> <p>(a) ensure that the user requirements to be included in the tender documents of building projects should not deviate from the approved schedules of accommodation for tenders; and</p> <p>(b) ensure that any discrepancies between the user requirements and the approved schedules of accommodation should be clarified with the proper authorities before making tender invitations.</p>	<p>(a) and (b)</p> <p>In addition to implementing the RDSIS, ArchSD has amended its project administration procedures on 2 July 2014 and issued an internal instruction on 9 February 2015. More check points have been added at different work stages of a project to remind project officers to timely follow up the discrepancies between the user requirements and the approved SoA for tenders with user departments.</p> <p>As the follow-up actions will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<p>Para. 3.19 of the Audit Report</p>	<p>Audit has recommended that the Director-General of Civil Aviation should –</p> <p>(a) step up the checking of user requirements to be included in the tender documents of building projects to ensure consistency with the approved schedules of accommodation;</p> <p>(b) seek the PVC's approval before making any significant changes to the allowed facilities/provision in the approved SoA when handling similar building projects in future;</p>	<p>(a) and (b)</p> <p>CAD has updated the departmental project procedures handbook specifying that the project officers, when conducting building construction projects, shall conduct thorough checking of tender specifications against NOFA approved by the PVC, and maintain close communication with relevant B/Ds to ensure a uniform understanding among all relevant parties of the approved NOFA. In</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(c) take measures to ensure that important decisions made in building projects are properly documented; and</p> <p>(d) consult the GPA and Financial Services and the Treasury (FSTB) on the way forward in dealing with the discrepancy in the provision of rest rooms for accident investigators.</p>	<p>addition, they should seek prior approval from PVC before making any significant changes to the facilities and provision approved in the SoA, and consider how to put the space into gainful use from the value-for-money perspective. CAD has informed all relevant staff of the changes in the updated handbook.</p> <p>(c) CAD has also liaised with the CSTDI and the GRS to arrange staff to attend appropriate courses on project management, record management, etc., to enhance their relevant knowledge.</p> <p>(d) CAD has obtained the agreement of GPA, PVC and FSTB to use the area gainfully without renovation works, including conduct of training courses and conferences by CAD and other government departments.</p> <p>As the follow-up actions have been completed or will be implemented on an on-going basis, we recommend this part be deleted from the next progress report.</p>
<p>Page 157 of the PAC Report (2nd bullet point)</p>	<p>The PAC urges the Administration to review the role of the PVC in overseeing the provision of office space and facilities in departmental specialist building and take necessary measures to strengthen the role.</p>	<p>FSTB and GPA have completed a review of the ARs which took effect on 1 December 2014. The updated ARs covered the role of the PVC in overseeing the provision of office space facilities in departmental specialist buildings.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 4: Provision of Furniture and Equipment		
Para. 4.18 of the Audit Report	<p>Audit has recommended that the Director-General of Civil Aviation should –</p> <ul style="list-style-type: none"> (a) critically review the operational needs for the LCD video display units purchased under the multi-media presentation system and seek covering approval from the FSTB, where appropriate; (b) take measures to ensure that timely approval is sought from the FSTB for procuring equipment in accordance with the requirements laid down in Financial Circular No. 9/90 and that in seeking approval from the FSTB, details of the equipment to be purchased are provided; (c) seek the FSTB's advice in case of doubt on the ambit of approved commitment items and subheads of expenditure under his charge; (d) clearly define user requirements before procuring furniture and equipment (F&E); (e) exercise strict economy in purchasing equipment with due regard to actual operational need; and (f) consult the Government Logistics Department (GLD) on ways to dispose of any surplus LCD video display units. 	<ul style="list-style-type: none"> (a) and (f) CAD has conducted a critical review on the operational needs for all the LCD video display units under the multi-media presentation system and the integrated information display system, and obtained FSTB's approval to retain those LCD video display units with genuine operational needs and to maximise their utilisation within the ambit. CAD will work with relevant departments with a view to making gainful use of the surplus units, including redeploying to other B/Ds as appropriate. (b), (c), (d) and (e) CAD has updated the departmental project procedures handbook to remind relevant staff of the need to follow the requirements in the Financial Circulars and seek approval from FSTB for the procurement of equipment, and provide detailed information about the equipment to be procured. In addition, they should determine user requirements and conduct the procurement based on genuine operational needs, and save resources as much as possible. CAD will also circulate to staff regularly the updated government accommodation and financial regulations and guidelines, and remind them of the need to follow the

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>prevailing regulations and guidelines of the Government, and seek guidance from FSTB and the relevant B/Ds whenever needed.</p> <p>As the follow-up actions have been completed or will be implemented on an on-going basis, we recommend this part be deleted from the next progress report.</p>
<p>Para. 4.19 of the Audit Report</p>	<p>Audit has recommended that the Director of Architectural Services should tighten control over the compliance with Financial Circular No. 9/90 requirements by user departments.</p>	<p>To tighten control over the compliance with the requirements in Financial Circular No. 9/90 by user departments for the purchase of F&E, ArchSD has, through conducting a sharing session on 15 January 2015 and issuing a Lessons Learnt on 18 February 2015, reminded project officers that if approval for the purchase of F&E items is not available by the time of tender, the items should only be included as provisional sums to avoid pre-mature funding commitment.</p> <p>Where, in some contracts (e.g. design and build), if the F&E items need to be integrated in the overall design but it is not possible for the user departments to confirm the details of the F&E items at the time of awarding the contracts due to absence of design, ArchSD will ensure approving authorities' in-principle approval be obtained by user departments before committing funds. The user departments will also be reminded to seek formal approval when the details of the F&E items are available in the design stage.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		As the follow-up actions will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.
Para. 4.20 of the Audit Report	Audit recommended that the Secretary for Financial Services and the Treasury should step up control to ensure that the F&E purchased by B/Ds have been approved by the FSTB/GPA. Consideration may be given to requiring the B/Ds to submit to the FSTB/GPA a return listing the details of items purchased after a project is completed.	FSTB and GPA have adopted the practice to issue a full and final approved F&E list for each project for each user department to facilitate post-implementation checking by the user department. As the follow-up action will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.
Part 5: Provision and utilisation of car parking spaces		
Para. 5.14 of the Audit Report	<p>Audit has recommended that the Director of Architectural Services should –</p> <p>(a) take measures to ensure that the exact number of parking space provisions according to the approved SoA is specified in the Employer's Requirements of the tender documents; and</p> <p>(b) consult user departments of new building projects about their actual demand for motorcycle parking spaces and include the appropriate requirement in the tender documents.</p>	<p>ArchSD has, through conducting a sharing session on 15 January 2015 and issuing a Lessons Learnt on 18 February 2015, reminded project officers to specify the exact number of parking provisions according to the approved SoA in the tender documents.</p> <p>For motorcycle parking spaces, ArchSD will consult user departments about their actual demand and include the appropriate requirement in the tender documents.</p> <p>As the follow-up actions will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
<p>Para. 5.15 of the Audit Report and Page 162 of the PAC Report (item(d))</p>	<p>Audit has recommended that the Director-General of Civil Aviation should –</p> <p>(a) continue to monitor the utilisation of the parking spaces; and</p> <p>(b) take effective measures to put any under-utilised parking spaces into gainful use.</p>	<p>(a) and (b)</p> <p>With the assistance of GPA, CAD has identified users to temporarily use some of the car parking spaces of low utilisation until the move-in of the Air Traffic Management Division to the new Air Traffic Control Centre inside the new CAD headquarters. CAD is currently liaising with its works agents to confirm the location of the relevant car parking spaces and the scope and feasibility of the required renovation works. CAD will also continue to closely monitor the utilisation of the car parking space.</p> <p>As the follow-up actions have been completed or are implemented on an on-going basis, we recommend this part be deleted from the next progress report.</p>
<p>Para. 5.16 of the Audit Report</p>	<p>Audit has also recommended that the Government Property Administrator should remind user departments of new building projects to provide detailed information on their existing parking space usage to support their proposed requirement in the new projects.</p>	<p>GPA will ask user departments to provide justifications for parking spaces requested (including their existing space usage) to support their proposed requirements in the new projects.</p> <p>As the follow-up actions will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<p>Part 6: Way Forward</p>		
<p>Para. 6.9 of the Audit Report</p>	<p>Audit has recommended that the Director-General of Civil Aviation, in managing building works projects, should –</p>	

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(a) strengthen internal controls over compliance with government regulations and guidelines; and</p> <p>(b) take measures to raise the awareness of CAD staff on the need to comply with government regulations and procedures in managing accommodation matters and public funds.</p>	<p>(a) and (b) CAD will continue to take effective measures to strengthen internal control to prevent recurrence of similar incident. CAD has issued circular to inform staff of the audit findings and lessons learnt, and will also circulate to staff regularly the updated government accommodation and financial regulations and guidelines, and remind them of the need to follow the prevailing regulations and guidelines of the Government, and seek guidance from the relevant B/Ds whenever needed. On the other hand, CAD liaised with the CSTDI and the GRS to arrange staff to attend appropriate courses on project management, record management, etc., to enhance their relevant knowledge.</p> <p>As the follow-up actions have been completed or are implemented on an on-going basis, we recommend this part be deleted from the next progress report.</p>
<p>Para. 6.10 of Audit Report</p>	<p>Audit has recommended that the Director of Architectural Services should tighten control on compliance with the approved SoA and requirements in relevant government circulars by user departments in future.</p>	<p>ArchSD has tightened control on the compliance with the approved SoA and requirements in relevant government circulars by implementing a series of enhancement measures.</p> <p>To effectively convey the findings and the recommendations from the audit review for the New CAD headquarters and the experience gained, a sharing session with ArchSD project officers was conducted on 15 January 2015 and a Lessons Learnt was issued on 18 February 2015.</p> <p>ArchSD will review the effectiveness of the follow-up actions from time to time. In-house experience sharing and</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>training will be conducted for continual improvements.</p> <p>As the follow-up actions will be implemented on an on-going basis, we recommend that this part should be deleted from the next progress report.</p>
<p>Para. 6.11 of Audit Report and Page 162 of the PAC Report (3rd bullet point)</p>	<p>The lessons learnt from the new CAD headquarters project would be of benefit to other B/Ds in managing similar departmental specialist building projects in the future. Audit has also recommended that the Secretary for Financial Services and the Treasury and the Government Property Administrator should promulgate these lessons for their reference.</p>	<p>FSTB and GPA completed a review of the ARs which took effect on 1 December 2014. The updated ARs would facilitate B/Ds to have a better and clearer understanding of the principles and regulations related to the provision and management of government accommodation. Briefings were also held in mid-October 2014 to explain to B/Ds the updated ARs and to impress on them the need to strictly observe the ARs.</p> <p>As the follow-up actions have been completed or will be implemented on an on-going basis, we recommend that this part be deleted from the next progress report.</p>
<p>Page 163 of the PAC Report (para. 65)</p>	<p>The Committee wishes to be informed of the findings of the report of the Director-General of Civil Aviation to review the irregularities on the implementation of the new CAD headquarters project and any follow-up actions to be taken by THB.</p>	<p>THB received the report in February 2015. After examining the report, THB has requested CAD to provide further information. In case of misconduct, THB will follow up in accordance with the established procedures, including taking appropriate administrative or disciplinary action.</p>

List of relevant papers or information

Issued by	Meeting Date/ Issue Date	Paper
Public Accounts Committee	11 February 2015	Report of the Public Accounts Committee No. 63 (Chapter 3 of Part 8)
	3 June 2015	Report of the Public Accounts Committee No. 63A
Council Meeting	4 November 2015	Question raised by Hon WONG Yuk-man
Subcommittee to Follow Up Issues Relating to the Three-Runway System at the Hong Kong International Airport	16 October 2015	Background brief
	3 November 2015	Minutes
Director of Audit	31 October 2014	Report No. 63 on the results of value for money audits
The Administration	20 May 2015	The Government Minute in response to the Report of the Public Accounts Committee No. 63 of February 2015
	28 October 2015	The Government Minute in response to the Report of the Public Accounts Committee No. 63A and No. 64 of June and July 2015