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Panel on Economic Development
Meeting on 24 March 2016

Background brief on the new Air Traffic Management System

Purpose

This paper provides background information on the new Air Traffic Management System ("ATMS") and summarizes the concerns raised by Members on relevant matters.

Background

2. According to the Administration, Civil Aviation Department ("CAD") is tasked to provide, inter alia, air traffic control ("ATC") service to flights arriving at or departing from the Hong Kong International Airport and aircraft overflying the Hong Kong Flight Information Region. The ATC system, comprising advanced electronics systems, is an essential tool enabling air traffic controllers to provide safe, reliable, effective and efficient ATC service.

3. The Finance Committee approved in May 2007 a funding of \$1,565 million for CAD to procure a new ATC system which 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 ("SDD") problems increasing since 2011.

Concerns expressed by Members in previous discussions

Public Accounts Committee

4. In 2014, the Audit Commission conducted a review of CAD's administration of ATC system and related services, and in particular the implementation progress of the ATMS contract, with a view to identifying issues that warrant attention and the key challenges ahead. Following the release of the Audit Report in October 2014, the Public Accounts Committee ("PAC") held a series of public hearings to follow up on the related matters.

5. 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 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.

6. According to the Administration, CAD had urged the contractor to expedite action in rectifying the outstanding observations in 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. The new ATC system was expected to be ready for operation in the first half of 2016.

7. PAC also asked the Transport and Housing Bureau ("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. In response to an oral question raised by Mr WONG Yuk-man at the Council Meeting of 4 November 2015, the Administration advised that the National Air Traffic Services from the United Kingdom, an independent consultant, had 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.

8. 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 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.

9. In responding to the PAC report, the Chief Secretary for Administration advised at the Council meeting of 28 October 2015 that the Government accepted the views and recommendations made by the Audit Commission and PAC regarding the administration of ATC and related services. The relevant bureaux and departments had accordingly taken follow-up actions as appropriate. A summary of progress made by CAD in implementing Audit Commission's/PAC's recommendations (as at 14 October 2015) is in **Appendix I**.

Panel on Economic Development

10. Members of the Panel on Economic Development have all along been concerned about issues relating to the ATC system. At the Panel meeting on 26 January 2016, the Administration proposed to create a new deputy director post to head CAD's administration and finance divisions to strengthen the work procedures and procurement process as recommended in the Audit Report. The office bearer will also be involved in a range of issues, including the administration of ATC and related services, implementation of the three-runway system project and overseeing legislative amendments related to civil aviation. Members in general expressed support for the staffing proposal as it could strengthen the manpower resources of CAD. Members also urged THB to step up its supervisory role to ensure the effective implementation of major projects by CAD in future. The item has yet to be submitted by the Administration for consideration by the Establishment Subcommittee and the Finance Committee.

Latest development

11. As requested by members including Mr Gary FAN, Mr TANG Ka-piu, Mr Albert CHAN and Mr Kenneth LEUNG, the Administration will brief the Panel on the new ATC system, including deployment of the new ATMS for the Hong Kong International Airport and the related safety issues at the meeting on 24 March 2016.

Relevant papers

12. A list of relevant papers which are available on the LegCo Website (<http://www.legco.gov.hk>) is in **Appendix II**.

**(Enclosure 1 of Government Minutes 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>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
Page 74 of the PAC Report (point (k))	<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>
Page 74 of the PAC Report (point (l))	<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>
Para 2.23(d) of the Audit Report	<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>

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	<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>

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	<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>
<p>Part 3: Management of the precision runway monitor project</p>		
<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>Para 3.16(c) of the Audit Report and Page 77 of the PAC Report (point (b))</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>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 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>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</p> <p>and</p> <p>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>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>Para 5.22 (b) of the Audit Report</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>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>Para 5.22 (c) of the Audit Report</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>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 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.	<p>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.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

List of relevant papers

Issued by	Meeting Date/ Issue Date	Paper
Audit Commission	30 October 2014 (Chapter 4)	Report No. 63 of the Director of Audit on the results of value for money audits
Public Accounts Committee (Report No. 63A)	June 2015 (Part 4)	Supplementary Report of the Public Accounts Committee on Report No. 63 of the Director of Audit
Panel on Economic Development	9 July 2013	Letter from Hon Gary FAN on replacement of the Air Traffic Control System (Chinese version only) Administration's response
	10 July 2013	Letter from Hon TANG Ka-piu on replacement of the Air Traffic Control System (Chinese version only) Administration's response
	21 March 2014	Letter from Hon Albert CHAN on the safety of the new Air Traffic Management System (Chinese version only) Administration's response
	23 September 2015	Letter from Hon Kenneth LEUNG on the safety of the new Air Traffic Management System (Chinese version only)

Issued by	Meeting Date/ Issue Date	Paper
	17 December 2015	<u>Letter from Hon TANG Ka-piu on New Air Traffic Control System (Chinese version only)</u> <u>Administration's response</u>
	26 January 2016 (Item VIII)	<u>Background brief on staffing proposal to strengthen senior management in Civil Aviation Department</u> <u>Administration's paper on staffing proposal to strengthen senior management of the Civil Aviation Department</u>
Council Meeting	4 November 2015	<u>Written reply by the Secretary for Transport and Housing to a question on "New Air Traffic Control System" raised by Hon WONG Yuk-man</u>