

# **NEW CIVIL AVIATION DEPARTMENT HEADQUARTERS**

## **Executive Summary**

1. The development of a new Civil Aviation Department (CAD) headquarters on the Airport Island was an initiative in the 2006-07 Policy Agenda to house a new air traffic control (ATC) system to meet traffic growth up to 2025 and to accommodate under one roof the CAD's various operational divisions. In January 2008, the Finance Committee of the Legislative Council (LegCo) approved funding of \$1,997 million to construct the new headquarters with a construction floor area of about 65,000 square metres (m<sup>2</sup>) and net operational floor area (NOFA) of about 22,775 m<sup>2</sup>. In May 2009, a design-and-build contract was awarded for the construction of the new headquarters.

2. To ensure the timely completion of the new CAD headquarters project, the CAD set up a dedicated project team to oversee its implementation. The new headquarters was commissioned on schedule (in December 2012) and the actual expenditure was also within the approved provision. The Audit Commission (Audit) has recently conducted a review of the provision of office accommodation and facilities in the new headquarters with a view to identifying room for improvement.

### **Provision of reserve space for future expansion**

3. According to the Accommodation Regulations, schedules of accommodation must be vetted by the Government Property Agency (GPA) and approved by the Property Vetting Committee (PVC) for departmental specialist accommodation. In October 2007, the PVC approved a NOFA of 22,775 m<sup>2</sup> (including 3,240 m<sup>2</sup> reserved for future expansion) for the new headquarters. Earlier, in September 2007 when the GPA was vetting the draft schedule of accommodation for the new CAD headquarters (including reserve area for future expansion), the Transport and Housing Bureau (THB) had written to the PVC to express its support of the CAD's request for more reserve space to the extent of 1,500 m<sup>2</sup>, which would be used for expansion beyond 2025. However, the THB only requested the PVC to consider the possibility of making provision in the

## **Executive Summary**

---

building's foundation and design to cater for the construction of this reserve space in the future. While the CAD specified in the Employer's Requirements of the tender documents that provision should be made in the building's foundation and design to allow for a further expansion in NOFA of 1,500 m<sup>2</sup>, it also specified that the 1,500 m<sup>2</sup> expansion area should form part of the established offices. In the event, the 1,500 m<sup>2</sup> expansion area, in addition to the NOFA of the 3,240 m<sup>2</sup> approved for future expansion, was built. With the exception of the Architectural Services Department (ArchSD), other PVC members (namely the GPA and Financial Services and the Treasury Bureau — FSTB) had not been informed of the change in user requirements. The incident highlights inadequacies in the control over change of user requirements and the decision making arrangements within the PVC. Moreover, the Panel on Economic Development, Public Works Subcommittee and Finance Committee of LegCo were not informed specifically of the construction of the 1,500 m<sup>2</sup> expansion area. While the 1,500 m<sup>2</sup> expansion area was not expected to be required for use by the CAD until some years later, no provision was made in the building design to facilitate its interim use by third parties (paras. 2.2, 2.5 to 2.7, 2.10, 2.15 to 2.17 and 2.23).

### **Control over deviations from approved schedule of accommodation**

4. The laid-down procedures for vetting and approving schedules of accommodation for new government buildings are to ensure compliance with the established space standards by user departments, and that provision of accommodation is fair and adequate to meet user departments' operational needs. Three of the facilities in the new CAD headquarters were not built in accordance with the approved schedule of accommodation, and not conforming to the Accommodation Regulations. The discrepancies in the provision of toilet/shower facilities in the Director-General of Civil Aviation's office and the rest rooms for accident investigators could have been avoided if both the CAD and ArchSD had enhanced the checking mechanism to ensure that the user requirements to be included in the design-and-build contract were consistent with the approved schedule of accommodation. The CAD also had not sought the PVC's prior approval before it converted the space originally planned for use as a viewing gallery of the education path into a multi-function room for meeting and recreational purposes. There was no record to show how such converted use and the fixture requirements of the multi-function room were determined (paras. 3.7, 3.13, 3.14 and 3.17).

## **Executive Summary**

---

### **Provision of furniture and equipment**

5. Up to May 2014, the CAD had spent \$97.04 million on the purchase of furniture and equipment under the project. Financial Circular No. 9/90 sets out the arrangements for seeking approval for the purchase of furniture and equipment for public works projects. The CAD had not complied with the Circular's requirements in seeking the FSTB's prior approval for its purchase of the security and electronic systems at \$67.45 million under the design-and-build contract. The CAD also purchased more liquid crystal display (LCD) video display units than that mentioned in its application to the FSTB for approval. Some of the LCD video display units were installed in venues and individual officers' rooms which were not mentioned in the CAD's application. There also appears to be scope for reducing the LCD video display unit requirements as some venues were already provided with other equipment serving similar display functions. Additional expenditure of \$156,000 was incurred in purchasing seven LCD video display units to replace those not fully meeting user requirements (paras. 4.2 to 4.4, 4.7, 4.8 and 4.13).

### **Provision and utilisation of car parking spaces**

6. The new CAD headquarters has a total of 209 parking spaces. The CAD had not compiled statistics on the utilisation of parking spaces until April 2014. From April to July 2014, the utilisation of these parking spaces only ranged from 21% to 23% for weekdays. While the utilisation of the parking spaces might improve after the relocation of the Air Traffic Management Division of the CAD to the new headquarters, there is a need to put the under-utilised parking spaces into gainful use during the interim and keep the utilisation rate under review after the relocation. Regarding the provision of parking spaces, there was room for improvement in the CAD's provision of usage information in the draft schedule of accommodation for the GPA's assessment. There was also room for improvement in the ArchSD's specification of the GPA's approved parking space provision in the tender documents (paras. 5.6 to 5.8, 5.10, 5.11 and 5.13).

## **Executive Summary**

---

### **Audit recommendations**

7. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has *recommended* that the Director-General of Civil Aviation should:**

- (a) take measures to ensure that:**
  - (i) the tender specifications for new building projects adhere strictly to the PVC's approval (para. 2.26(a)(i));**
  - (ii) 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 by third parties (para. 2.26(a)(iii)); and**
  - (iii) full information on expansion area of building projects is included in the funding and Administration papers submitted to LegCo (para. 2.26(b));**
- (b) 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 and seek the PVC's approval before making any significant changes to the approved provision (para. 3.19(a) and (b));**
- (c) critically review the operational needs for the LCD video display units purchased and seek covering approval from the FSTB, where appropriate (para. 4.18(a));**
- (d) 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 (para. 4.18(b)); and**
- (e) continue to monitor the utilisation of the parking spaces and take effective measures to put any under-utilised parking spaces into gainful use (para. 5.15(a) and (b)).**

## Executive Summary

---

8. Audit has *recommended* that the Director of Architectural Services should take measures to ensure that:

- (a) PVC meetings should be convened for members to exchange views and to clarify understanding on important matters which could be subject to different interpretation (para. 2.25(b)(i));
- (b) full information on expansion area of building projects is included in the funding and Administration papers submitted to LegCo (para. 2.25(b)(ii));
- (c) 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 by third parties (para. 2.25(b)(iii));
- (d) any discrepancies between room data sheets and approved schedules of accommodation are reconciled before tender invitations (para. 3.18); and
- (e) the exact number of parking space provisions according to the approved schedule of accommodation is specified in the tender documents (para. 5.14(a)).

9. Audit has also *recommended* that the Secretary for Financial Services and the Treasury and the Government Property Administrator should promulgate the lessons learnt from the new CAD headquarters project for reference of other bureaux/departments (para. 6.11).

## Response from the Administration

10. The Administration agrees with the audit recommendations.