

**For discussion
on 20 December 2000**

EC(2000-01)19

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

**HEAD 56 - GOVERNMENT SECRETARIAT :
PLANNING AND LANDS BUREAU AND WORKS BUREAU
Subhead 001 Salaries**

Members are invited to recommend to Finance Committee the creation of the following permanent post in the Works Bureau –

1 Government Engineer
(D2) (\$116,650 - \$123,850)

to be offset by the deletion of the following permanent post –

1 Chief Engineer
(D1) (\$98,250 - \$104,250)

PROBLEM

The ranking of the Chief Assistant Secretary for Works (Professional Services) (CAS(PS)) (D1) post in the Works Bureau does not reflect adequately its expanded responsibilities and increased complexity of work.

PROPOSAL

2. We propose to upgrade the CAS(PS) post from Chief Engineer (CE) (D1) to Government Engineer (GE) (D2), and to retitle the post as Principal Assistant Secretary for Works (Professional Services) (PAS(PS)).

/JUSTIFICATION

JUSTIFICATION

Recent Developments

3. Hong Kong's construction industry is going through a transformation. In response to the developments, there is a policy initiative to promote Hong Kong's construction and related engineering services in the Mainland. With its wealth of high calibre professionals in project financing, design, construction and project management, and unique advantages in terms of geographical proximity as well as cultural and language similarities, Hong Kong's construction industry has good potential to become a more prominent service provider to construction projects in the Mainland. With China's impending accession into the World Trade Organisation and the decision to launch the strategic development of Western China, there will be increasing business opportunities on a continuing basis for Hong Kong. We should facilitate contact between the local construction industry and Mainland counterparts to strengthen their co-operation opportunities and to help develop an edge for the local construction industry over competitors from other territories.

4. Separately, the establishment of a construction personnel registration system locally will be an important step in improving the quality of the construction workforce which, in turn, is a key component in the overall strategy to enhance built quality. There is currently no registration requirement for construction workers except for those engaged in specified trades such as electrical workers, gas installers and plumbers. With a view to ensuring the quality of construction works through certification of the skill levels of workers, the Construction Advisory Board has recommended in May 2000 the establishment of a registration scheme for construction workers in Hong Kong. The Administration is examining the proposal with a view to developing a strategic plan for its implementation and subsequent monitoring.

Main duties of CAS(PS) and proposed upgrading

5. The current CAS(PS) post was created in September 1989 to oversee the appointment and management of contractors and consultants for the Public Works Programme, to develop and improve systems for monitoring their performance, to review and advise on the resources and capacity of the construction industry and movements of construction costs.

6. In view of the increasing complexity and higher level of responsibilities associated with a more proactive role in promoting the local construction and related services in the Mainland, and the proposed implementation

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of the construction personnel registration system, the Secretary for Works (S for W) sees the need for an officer at the appropriate rank to take forward these initiatives independently as part of a strategic role in promoting the standards of the local construction industry and its competitiveness outside Hong Kong. He also recognises that these initiatives are interwoven with the Works Bureau's on-going work, mainly under the existing schedule of CAS(PS), in advising and monitoring the development of the local construction industry. Having considered several options including the creation of an additional post, he has come to the conclusion that entrusting the additional responsibilities to CAS(PS) and upgrading the post from CE to GE (to be retitled as PAS(PS)) is the most appropriate and cost-effective means to meet the need.

7. In performing his strategic role, PAS(PS) will focus his attention on the following –

(A) Promoting Hong Kong's construction industry as a service provider in the Mainland

(i) *Promoting mutual understanding of the construction systems and practices in the Mainland and Hong Kong*

PAS(PS) will put in place a mechanism for promoting exchange of knowledge and understanding of the differences between the construction system and practices in the Mainland and in Hong Kong, covering such areas as legislation, professional qualifications and practising requirements, tendering system, works standards, quality management and so forth. To this end, PAS(PS) will represent S for W in establishing and maintaining close contact with leaders and representatives of the local construction industry and also with senior officials in the relevant Mainland authorities at ministerial and provincial level to monitor the effectiveness of the exchange mechanism.

(ii) *Fostering co-operation among engineering, construction and related professions for the promotion of the construction service as part of an integrated service package*

Past experience indicates that to be successful in bidding for construction contracts in the Mainland, we need to be able to offer a comprehensive service

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(covering project financing, design, construction and project operation) to the authorities/developers. PAS(PS) will assist S for W in bringing together professionals in the engineering, construction and related disciplines (including lawyers, investors and financiers) through conferences and study missions, during which they will be able to explore and identify opportunities for co-operation among themselves and with senior officials at ministerial and provincial levels of the relevant Mainland authorities. He will also provide a contact point in the Administration for the Mainland authorities concerning the construction industry and related systems in Hong Kong.

(iii) *Facilitating the marketing of Hong Kong's construction and related engineering services*

With the gradual opening-up of the market in China, PAS(PS) will muster the support of the Mainland authorities to enable Hong Kong's contractors, consultants and the related engineering professionals to compete on a level playing field with other competitors in the Mainland market. As part of the Works Bureau's proactive role in promoting the export of the local construction and related services, he will represent S for W in discussing and liaising with Mainland officials at ministerial and provincial levels to address the concerns of the local construction industry, for instance, the qualifications required for tendering and the ground rules for joint-venture projects. He will also need to devise strategic plans for promoting the export of Hong Kong's construction and engineering services to the Mainland. On the basis of the experience gained from seeking entry into the market in the Mainland, further strategic plans will be drawn up for exporting our construction services to other countries in the Asia Pacific Region.

(iv) *Promoting co-operation in research activities between the Mainland and Hong Kong*

Institutions in the Mainland are renowned for their technological research while Hong Kong has a strong

track record in turning research results into marketable products. PAS(PS) will map out and implement a coordinated strategy for promoting technological collaboration in the construction and related engineering fields between the two places to foster a synergy of expertise.

(B) Registration of construction personnel

PAS(PS) will be the subject officer in the Works Bureau for the establishment of the registration system. He will formulate strategies for taking forward this policy initiative, consult bureaux and departments concerned, liaise with industry organisations and representatives and develop a strategic plan for its implementation and monitoring. With more accurate data on the construction workforce, PAS(PS) will be able to enhance his role as an adviser on manpower planning, training and strategic development of the construction industry.

8. The organisation chart of the Works Bureau, the existing job description for CAS(PS) and the proposed job description for PAS(PS) are at Encls.1-3 Enclosures 1, 2 and 3 respectively.

FINANCIAL IMPLICATIONS

9. The additional notional annual salary cost at mid-point of this proposal is –

	\$	No. of Post
Permanent GE post	1,443,000	1
Less: Permanent CE post	1,213,200	1
Additional cost	229,800	0

10. The additional full annual average staff cost of the proposal, including salaries and staff on-cost, is \$362,000. We have included sufficient provision in the 2000-01 Estimates to meet the cost of this proposal.

/BACKGROUND

BACKGROUND INFORMATION

11. In the 2000 Policy Address documents, the Administration undertakes to promote the exchange of construction technology and expertise in public works between Hong Kong and the Mainland, and to implement the construction personnel registration system.

12. We have sought the views of the Construction Industry Review Committee (CIRC) on these two policy initiatives. As regards the role of Works Bureau in promoting the export of local construction and related services to the Mainland and other markets, the CIRC has a broad consensus on the expertise level of Hong Kong's construction industry and on the potential to export such expertise to the Mainland and elsewhere. It also considers that government support is critical for Hong Kong companies to compete successfully in the Mainland market and that the Government should, therefore, intensify its efforts in helping the industry by pooling more resources on this front. In the case of the construction personnel registration system, the CIRC recognizes that it will help ensure the quality of the construction workforce which is a key component in the overall strategy to enhance built quality.

13. We consulted the LegCo Panel on Planning, Lands and Works on 6 November 2000. Members of the Panel supported the proposal.

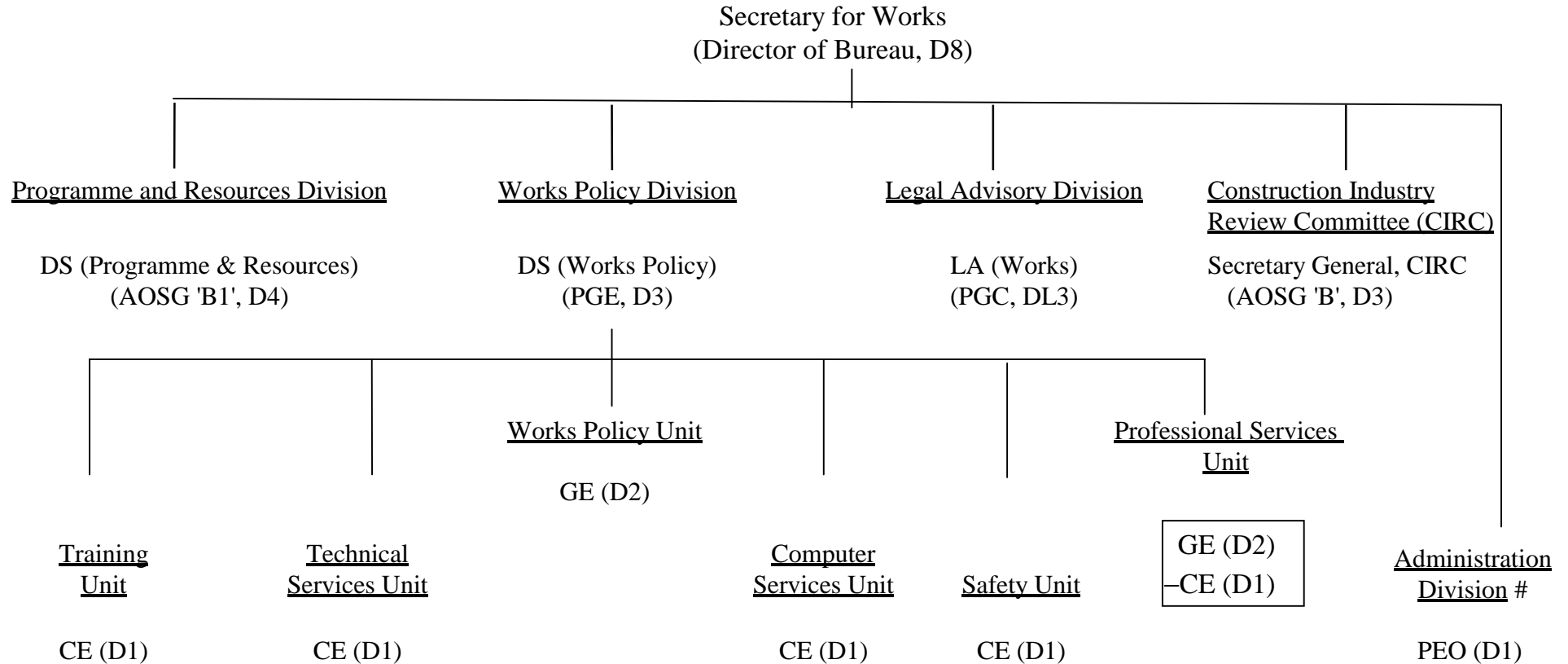
CIVIL SERVICE BUREAU COMMENTS

14. The Administration has carefully considered other alternatives including redeployment bearing in mind the Government's commitment to contain the size of the civil service and the need for greater efficiency and effectiveness under the Enhanced Productivity Programme. We are satisfied that the proposed upgrading of the post to GE level is appropriate having regard to the increased complexity of its duties and responsibilities.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

15. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the post would be appropriate if the post was to be created.

Organization Chart of the Works Bureau



Legend:

DS - Deputy Secretary for Works
 LA - Legal Adviser
 AOSG - Administrative Officer Staff Grade
 PGE - Principal Government Engineer
 PGC - Principal Government Counsel

GE - Government Engineer
 CE - Chief Engineer
 PEO - Principal Executive Officer
 # - Also serves the Planning and Lands Bureau
 [] - Proposed upgrading of 1CE to GE

**Existing Job Description for
Chief Assistant Secretary (Professional Services)**

Rank: Chief Engineer (D1)

Main Duties and Responsibilities -

Responsible to the Deputy Secretary for Works (Works Policy) for the following main duties -

- (1) to manage the lists of approved contractors, including recommending disciplinary action against and upgrading and downgrading of contractors etc;
- (2) to maintain and improve a central record of contractors' performance;
- (3) to formulate policy recommendations on the administration and appraisal of contractors;
- (4) to service the Engineering and Associated Consultants Selection Board and the Construction Advisory Board;
- (5) to formulate policy recommendations on the selection procedures, conditions of employment, remuneration and evaluation of performance of consultants;
- (6) to keep under review and assess the availability of resources and capacity of the construction sector to implement public sector development projects;
- (7) to assess movements of construction costs and co-ordinate the development of indicators, e.g. labour and material indices, tender price index etc;
- (8) to oversee the timely compilation and publication of the quarterly Works Digest;
- (9) to advise on matters concerning professional services, consultants, contractors and the construction industry; and
- (10) to ensure the efficient management of the Professional Services Unit.

**Proposed Job Description for
Principal Assistant Secretary for Works (Professional Services)**

Rank: Government Engineer (D2)

Main Duties and Responsibilities -

Responsible to the Secretary for Works, through the Deputy Secretary for Works (Works Policy), for the following main duties -

- (1) to formulate policy recommendations and strategic plans on promotion of the exchange of construction technology and expertise between Hong Kong and the Mainland;
- (2) to plan, design and organize exchange programmes with the Mainland;
- (3) to represent the Bureau in interacting with Mainland officials at the ministerial and provincial levels for cultivating and promoting a better business environment for Hong Kong service providers in the Mainland construction and engineering related markets;
- (4) to formulate policy recommendations and develop strategic plans on implementing the construction personnel registration system, to monitor its operation and to consider its further development;
- (5) to formulate policy recommendations on the administration and appraisal of approved contractors and to evaluate the performance of contractors;
- (6) to service the Architectural and Associated Consultants Selection Board, the Engineering and Associated Consultants Selection Board and the Construction Advisory Board;
- (7) to formulate policy recommendations on the selection procedures, conditions of employment, remuneration and evaluation of performance of consultants;
- (8) to review and assess the availability of resources and capacity of the construction sector;
- (9) to assess movements of construction costs and co-ordinate the development of indicators, e.g. labour and material indices, tender price index etc;
- (10) to advise on matters concerning professional services, consultants, contractors and the construction industry; and
- (11) to ensure the efficient management of the Professional Services Unit.