

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 62 – HOUSING DEPARTMENT Subhead 003 Recoverable salaries and allowances

Members are invited to recommend to Finance Committee –

- (a) the creation of one supernumerary Assistant Director of Housing post (D2) (\$116,650 - \$123,850) for 18 months; and
- (b) the retention of two supernumerary multi-disciplinary Chief Architect posts (D1) (\$98,250 - \$104,250) for two years.

PROBLEM

The Housing Department (HD) needs additional temporary directorate input to implement a series of quality housing initiatives, conduct management reforms and strengthen project management work in order to revamp the public housing production system and to enhance the quality of public housing.

PROPOSAL

2. The Director of Housing (D of H) proposes –
 - (a) to create a supernumerary Assistant Director of Housing (AD) (D2) post for a period of 18 months to oversee and coordinate the implementation of quality housing initiatives and to launch the various management reforms; and

/(b)

- (b) to retain two supernumerary multi-disciplinary Chief Architect (CA) (D1) posts for two years to cope with the existing heavy workload and enhance project management work.

JUSTIFICATION

Creation of a supernumerary Assistant Director of Housing post for 18 months

Enhancing quality public housing delivery

Encl. 1 3. To address the community's increasing concern on the building quality of public housing, the Housing Authority (HA) endorsed a document entitled "Quality Housing : Partnering for Change" in January 2000 for public consultation. The document maps out the vision and strategies of the HA in uplifting its building quality. Having considered the views of the public and stakeholders, HA endorsed 50 new initiatives on quality housing at its meeting on 11 April 2000. In view of the significant impact and fundamental changes that the new initiatives will bring about, they will be introduced in two phases (Enclosure 1). Phase I addresses immediate issues and provides a foundation for the smooth implementation of subsequent recommendations. Phase I initiatives include revamping the piling process and reforming listing and tendering practices. Phase II covers the re-engineering of critical processes and systems, and aims at achieving partnering on all fronts, including areas such as reinforcing partnering culture and third party control and enhancing quality monitoring assurance.

Revamping the public housing production process and organisational reform

4. In the course of formulating the quality housing new initiatives, the Department was conscious that results could not be achieved without the collaboration and commitment of its staff. A consultancy study on the Review of the Production Process of the HA Developments was therefore commissioned in March 2000, to identify areas for improvements in accountability, organisational structure, decision making process, management practices and procedures for managing and supervising the development and construction of public housing. The consultancy report in April 2000 contains 26 recommendations. The Department has accepted in principle all the recommendations and re-appointed the consultant in September 2000 to advise and draw up the implementation details. The consultant is expected to complete the task in 12 months, i.e. by September 2001.

/Interaction

Interaction with construction and related industries

5. As the biggest property developer in Hong Kong, HA is determined to take a lead in changing the culture and the ways the construction industry operates in its implementation of quality housing new initiatives. To this end, extensive liaison and consultations during the change process are required with different external stakeholders including relevant government bureaux/departments/agencies, professional bodies, construction consultants and workers, as well as the general public as our customers. The establishment of an independent Construction Industry Review Committee by the Government also calls for interaction with and contribution from the HA and the Department, so that the processes and code of practice in public housing construction will, as far as possible, synchronize with the directions and recommendations of the Committee.

6. The Department thus needs an officer with ample knowledge in the housing delivery process and experience in multi-disciplines and technical work types to synchronize the entire process of the quality management reform and organisational reform mentioned above on a full-time basis. A supernumerary Assistant Director of Housing post (D2), departmentally known as AD/Quality Management Review, was created under delegated authority on 10 July 2000 to oversee and coordinate the reforms¹. The supernumerary post lapsed on 10 January 2001. Since the filling of the supernumerary AD post, 15 new initiatives on quality housing have been implemented, 17 are being partially implemented or launched as pilot systems, and the remaining 18 are in progress or under planning.

7. In view of the wide spectrum and impact of the reforms and their complexity, the concerns expressed by the construction and related industries, and the expectation from members of the public, it is necessary to create a supernumerary AD post for a period of 18 months to perform the following major duties –

- (a) To monitor and review the development of the 15 initiatives already implemented, and examine and draw up the implementation plans for the remaining 35 initiatives. It covers the following major works –
 - (i) review of procurement policies and strategies, examining and launching pilot projects for design-and-build, direct appointment of consultants, target cost procurement, etc;
 - (ii)

¹ To address immediate public concerns and to rebuild public confidence on public housing, there was an urgent need to implement the recommendations as soon as possible. As the First Term of Legislative Council ended on 30 June 2000, a supernumerary AD post for six months was created under delegated authority as an interim measure.

- (ii) review of the conditions of contract for more equitable risk-sharing;
 - (iii) introduction of adjudication or a dispute resolution adviser in large scale projects;
 - (iv) introduction of a performance assessment scoring system and a preferential tender award system for piling contracts and building services sub-contracts;
 - (v) tightening the control on sub-contracting in building works;
 - (vi) review of the HD specification system to take on board new trade practices;
 - (vii) strengthening the independent checking mechanism and revisiting project process and procedures for alignment of practices;
 - (viii) strengthening research and development by setting up a research fund and excellence award scheme;
 - (ix) accelerating the launching of project partnering to all contracts; and
 - (x) widening the application of information technology to facilitate site supervision.
- (b) To plan, drive and manage the changes as proposed by the consultant. These include re-engineering of some major systems and streamlining of procedures, together with the launching of major re-organisation for the longer term.
- (c) After the Construction Industry Review Committee has drawn up improvement measures to enhance the quality and performance of local construction, it will look to the HA and the HD for support in the implementation of these measures. The AD has to examine the priorities of the Committee, making suitable adjustments to the implementation plan for better integration to achieve synergistic results for quality reform.

The incumbent will report directly to a Deputy Director and be supported by six senior professionals from various disciplines. The above work will be completed in mid-2002. It is expected that upon the implementation of the recommendations and initiatives, it will enhance professionalism, systems, procedures and partnering

/towards

towards assuring better quality production and customer service for public housing development and construction. The job description for the proposed post is at Encl. 2 Enclosure 2.

8. Given the bunching of the housing production and implementation of other initiatives like greater public sector involvement in estate management and maintenance functions, all the ADs (D2) in the Department are fully engaged in their responsibilities and cannot be released to take up the above extra duties.

Retention of two supernumerary multi-disciplinary Chief Architect posts

9. In March 1998, the Finance Committee, vide EC(97-98)76, approved the re-organisation of the Department's Development and Construction Branch (D&CB) and, inter alia, the setting up of three Project Management Sections in order to cope with the increasing housing production, coordinate the input required for the implementation of streamlined housing development process², and achieve a clearer demarcation of project management and works functions. Approval was also given for the creation of three multi-disciplinary CA posts (D1), known as Project Managers (PMs) in D&CB to head the Sections. Of these three posts, one is a permanent post and two are supernumerary posts for three years due to expire in March 2001.

10. The Department has recently conducted a review on the continued need of these two posts and found that it is necessary to retain them for the following reasons –

- (a) Currently, there are four PMs who are handling 182 projects comprising 294 000 flats³. Given that the PMs are responsible for fulfilling the housing production programme through the planning and management of individual projects, they are involved in all stages of the development process. The workload of handling 46 projects on average for each PM is extremely heavy and has already stretched the capacity of the PMs beyond their limit. They need to work long working hours in order to cope with the existing workload. Although the production will gradually subside in the coming years, from 137 projects or 220 000 flats in 2001-02 to 117 projects or 207 000 flats in 2002-03, the workload will still be very heavy.

/(b)

² The production lead time for standard domestic blocks was reduced from 62 months to 47 months. This could be achieved by carrying out feasibility study, planning and preparation of conceptual layout in parallel and by intensifying all activities at the early stage of a project.

³ These include flats under all stages such as planning, design, tender, and construction.

- (b) According to a research conducted by the consultant of the Department, a Project Manager⁴ of equivalent rank with private developers may have five or less projects depending on the project size. Although the scope of services provided by PMs in the private sector and the Department is not entirely identical and it is difficult to make an accurate comparison, the figure, at least, could show that the PMs of the Department are handling more projects than PMs in the private sector.
- (c) The implementation of the 50 quality housing initiatives calls for PMs' input. They have to spend more time and effort to ensure that the detailed designs and construction works are prepared and executed according to the requirements of HA and the tenants and also relevant statutory requirements.
- (d) The consultancy study on the Review of the Production Process of the HA Developments recommends that the present system of project management should be enhanced. The application of a full project management system is being studied by the consultant, on a similar basis to that used for external consultants. It is expected that new responsibilities would be assigned to the PMs.

11. Accordingly, it is proposed to retain the two supernumerary multi-disciplinary CA posts for a further period of two years. The continued need of the supernumerary posts will be reviewed towards the end of the period, taking into account the prevailing and projected workload at that time as well as any other structural and organisational changes of the Project Management Sections. The job description for the two posts and the organisation chart of the D&CB are at Enclosures 3 and 4 respectively.

Encls.3-4

FINANCIAL IMPLICATIONS

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

	\$	No. of Post
AD of Housing	1,443,000	1
Chief Architect	2,426,400	2
	3,869,400	3

/The

⁴ In the private sector, the equivalent of PMs in the Department would be called a Project Director, Deputy Project Director or Senior Project Manager as there are variations in titles amongst companies.

The full annual average staff cost of the proposal, including salaries and staff on-costs, is \$6,642,000. In addition, the proposal requires the creation of six additional non-directorate posts at a notional annual mid-point salary cost of \$5,911,560 and a full annual average staff cost of \$10,608,000. The amount will be fully recovered from the HA.

BACKGROUND INFORMATION

13. An information paper on the proposal has been circulated to Members of the Housing Panel on 27 December 2000 and Members have not raised any objection to the proposal.

CIVIL SERVICE BUREAU COMMENTS

14. The Administration has considered carefully alternatives including redeployment bearing in mind the need for greater efficiency and productivity. We are satisfied that the proposals contained in this paper are functionally justified. The Civil Service Bureau considers the grading, ranking and duration of the proposed posts appropriate having regard to the level and scope of responsibility and the professional input required.

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

15. As the posts are proposed on a supernumerary basis, the Department will report the creation, if approved, to the Standing Committee on Directorate Salaries and Conditions of Services in accordance with the agreed procedure.

Housing Department
January 2001

**Quality Housing: Partnering for Change
Implementation Plan Phase I**

Providing Quality Products and Services to Customers		
I.1	To provide a 10-year structural guarantee to all Home Ownership Scheme and Private Sector Participation Scheme developments from the date of completion.	I
I.2	To establish an intake hot-line so that tenants/owners may report building defect conveniently.	I
I.3	To require contractors to rectify defects after in-take speedily through setting up Customer Service Teams, adjusting the release of retention money by the Housing Department (HD) and extending the defect liability period to 2 years.	I
I.4	To introduce short-term measures to address the production peak, such as outsourcing final flat inspection to ensure consistency of handover standard.	I
Revamping the Piling Process		
I.5	To introduce short-term measures for safeguarding the quality of piling works.	I
I.6	To improve the quality of piling works in the long run.	P
Reinforcing Site Supervision		
I.7	To reimburse site supervision cost for providing extra staff for enhanced requirements to safeguard the quality of supervision.	I
I.8	To deploy and maintain sufficient and competent supervisory staff by the HD, consultants and contractors on all sites during project implementation.	P
I.9	To strengthen on-site supervision by providing resident professionals for piling and large-scale building projects.	I
I.10	To streamline handover inspection procedures and define clear acceptance authority during project completion with a view to providing clear and consistent project handover standards to contractors.	U
I.11	To provide induction training to inhouse and consultant site staff to reinforce site supervision.	I
Reforming Listing and Tendering Practices		
I.12	To secure competent consultants from the tendering system.	P
I.13	To secure competent contractors from the tendering system.	I
I.14	To enhance the objectiveness and independence of the disciplinary mechanism.	U
I.15	To strengthen the representativeness and coverage of building contractors' performance appraisal system.	U
I.16	To put PASS 2000 on trial for evaluating its effectiveness.	I
Establishing a Partnering Culture		
I.17	To reinforce the partnership relationship between the Building Committee of the Housing Authority (BC) and the HD by reviewing BC's structure and operations.	U
I.18	To reinforce stakeholders' commitments in delivering quality housing through drawing up a Quality Partnering Charter and highlighting their participation in each project by publicizing their names in sale brochures and completed developments.	P
I.19	To clearly define key stakeholders' roles and responsibilities and to maximize benefits of their contributions and interaction.	P
I.20	To strengthen the communication channels with key stakeholders at the strategic level through establishing an annual partnering conference by the HA and regular workshops by the HD's directorate staff.	P
I.21	To reinforce the partnering spirit with contractors and consultants during project implementation through setting up partnering meetings and review workshops by the HD's project teams at the commencement, implementation and completion stages of the project respectively.	P
I.22	To allow sufficient time for contractors to deliver quality housing by extending the normal construction period of new piling and building works by 1 and 2 months respectively.	I
I.23	To revise contractual arrangements for achieving more equitable risk-sharing.	I
I.24	To establish 'Site Works Forum' for quick resolution of site problems.	I
Re-engineering Departmental Operations		
I.25	To reform the operations of the HD's Development and Construction Branch.	U

Already Implemented (I) = 13, Partially Implemented/Launched as Pilot System (P) = 7, In Progress (U) = 5

**Quality Housing: Partnering for Change
Implementation Plan Phase II**

Reinforcing Partnering Culture		
II.1	To resolve disputes speedily during project implementation through the use of adjudication and/or Dispute Resolution Advisors in large-scale building contracts.	U
II.2	To tap customer feedback more proactively for continuous improvements.	P
II.3	To strengthen the appraisal system for consultants to enhance its objectivity and consistency and to draw up clear guidelines for performance evaluation.	U
Enhancing Quality Monitoring Assurance		
II.4	To identify “designated sample flats” to provide realistic acceptance benchmarks for contractors to follow during construction and to produce video tapes/CD ROM for demonstrating desirable building procedures/methods.	U
II.5	To draw up a list of milestone check-points for monitoring contractors’ progress and to link up the achievement with performance appraisal and contract payments.	U
II.6	To require contractors and consultants to submit Quality Supervision Plans on project management proposals.	U
II.7	To explore the introduction of a quality warranty system by contractors.	I
Reinforcing Third Party Control		
II.8	To introduce an objective third-party scrutiny on the HA’s buildings by putting them under the control of the Buildings Ordinance.	P
Uplifting Professionalism		
II.9	To consider requiring contractors to employ contract workers in core trades by themselves and through their nominated sub-contractors and domestic sub-contractors.	U
II.10	To support the implementation of the Construction Workers’ Registration System for enhancing the industry’s professionalism.	U
II.11	To liaise with training authorities in providing more site management and public housing-oriented courses and continuous training opportunities for workers.	U
II.12	To uplift the professional qualifications for site supervisory staff and to increase the proportion of trade-tested workers from 35% to 60% in 3 years through contract requirements.	U
II.13	To strive for better site safety records by implementing the “Pay for Safety Scheme”, stipulating the minimum threshold for safety provision budget in contracts and strengthening site safety requirements in tender assessment.	I
II.14	To provide better working environment for workers by upgrading relevant contract specifications.	U
Improving Productivity		
II.15	To promote the wider use of mechanized building process, including system formwork and prefabricated building components.	P
II.16	To promote research within the building industry.	P
II.17	To facilitate the development of an integrated production process.	P
II.18	To support the formation of an Organised Specialist Sub-contractors System and the employment of contract workers for tightening up control over sub-contracting.	U
II.19	To commission a consultancy study to analyze the causes for the relatively high construction costs for residential developments.	P
II.20	To plan for a pilot “Green Estate” for developing the concept of sustainable development.	P
II.21	To reduce construction waste and improve the environment.	P
II.22	To work with other stakeholders to uphold the industry’s ethical integrity.	P
II.23	To enhance the specification system to take on board new trade practices, reduce documentation and allow flexibility by professionals.	P
II.24	To explore “Design, Build, Operate, Transfer” (DBOT) Concept.	U
II.25	To establish a systematic mechanism to steer the overall research strategy and oversee the use of HA Research Fund.	U

Already Implemented (I) = 2, Partially Implemented/Launched as Pilot System (P) = 10, In Progress (U) = 13

**Job Description
Assistant Director/Quality Management Review**

Rank: Assistant Director of Housing (D2)

Major Duties and Responsibilities

Responsible to Deputy Director for the following –

1. to advise the senior management on the launching of the 50 quality housing new initiatives including translation of them into operation, and formulation of implementation strategies;
2. to assist in launching reforms on the role and organisation of the Development and Construction Branch;
3. to co-ordinate input from bureaux, other government departments, Branch heads of Housing Department, stakeholders and professional institutes for planning and implementation of the new concepts for quality management in development and construction;
4. to identify areas for improvements and work out an enhanced project management system for undertaking housing projects;
5. to instill new dimensions in designing quality management system for the design and construction of public housing and improving the housing delivery process;
6. to examine the legal, financial and manpower implications of the new modes of operation to ensure marketability, competitiveness and buildability of housing projects in consultation with Assistant Director/Legal Advice and Finance Director; and
7. to ensure that the necessary resources, services, support and input are provided to the implementation of the new initiatives and organisational reforms.

**Job Description
Project Manager 1 and 2**

Rank: Chief Architect (D1) (open to building disciplines)

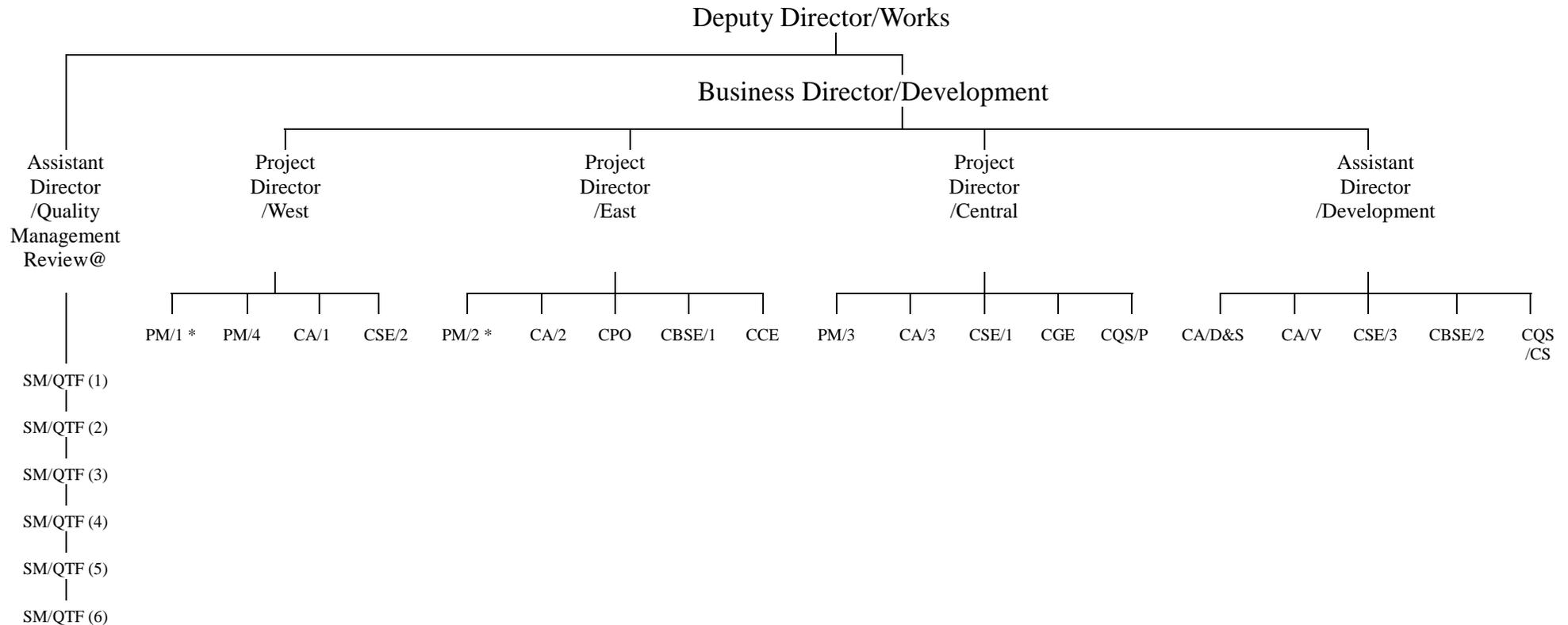
Major Duties and Responsibilities

Responsible to Project Director (Assistant Director of Housing) (D2) for the following –

1. to monitor the programme and budget of public housing projects assigned through all stages of the development process, prepare project status report and assist respective Project Director in the overall monitoring of the public housing production and financial management;
2. to assist the Client to establish the Client's requirements and development parameters on sites included on the Control List for public housing development;
3. to co-ordinate the preparation of feasibility studies of the identified housing sites;
4. to oversee the preparation of development proposals by Design Team Leaders, including conceptual layout plans and associated project estimates for public housing projects;
5. to coordinate with the concerned departments on the implementation programme of public housing project (i.e. rezoning, clearance, resumption, infrastructure provision, site formation and cost), ensure their progress of works in accordance with the agreed programme, and resolve any inter-departmental conflicts at the district level;
6. to ensure the scheme and detailed designs prepared by the Design Team Leaders are in compliance with the Client's requirements, development parameters and financial requirements;
7. to ensure the works executed on site under the supervision of the Contract Manager are in compliance with the Client's requirements, development parameters and financial requirements;
8. to monitor the progress and expenditure of various types of contracts for housing development and in case of deviation liaise with the Design Team Leaders and Contract Managers on ways to take corrective actions;

9. to represent the Housing Authority in dealing with the Ombudsman, Legislative Council, District Council, utility companies, other government departments, local related/inter-departmental committees and clients on issues related to business of the Section;
10. to supervise the staff of the Section, monitor and coordinate the work and staff with a view to maintaining consistent professional standards;
11. to plan and manage resources, report on staff performance and ability, and to handle various human resources management functions within the Section;
12. to identify and recommend the need for outsourcing in order to provide necessary resources and expertise to meet Clients' requirements and the housing programme; and.
13. to manage consultants employed by the Housing Authority including their performance.

Organisation Chart of Development and Construction Branch



Legend:

- @ Supernumerary post proposed for creation of 18 months
- * Supernumerary posts proposed for a further retention of 2 years
- SM/QTF Senior Manager/Quality Task Force
- PM Project Manager
- CA Chief Architect
- CSE Chief Structural Engineer
- CPO Chief Planning Officer
- CBSE Chief Building Services Engineer

- CCE Chief Civil Engineer
- CGE Chief Geotechnical Engineer
- CQS/P Chief Quantity Surveyor/Projects
- CA/D&S Chief Architect/Design and Standards
- CA/V Chief Architect/Vetting
- CBSE Chief Building Services Engineer
- CQS/CS Chief Quantity Surveyor/Construction Services

