

Information Note for LegCo Panel on Planning, Lands and Works

Proposal to upgrade one permanent post of Chief Engineer (D1) to Government Engineer (D2) in Works Bureau

We are planning to submit the above proposal to the Establishment Subcommittee (ESC) of the Finance Committee for consideration at its meeting on 20 December 2000. The following paragraphs give an outline of the proposal.

PROBLEM

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

PROPOSAL

3. 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)).

JUSTIFICATIONS

Main duties of CAS(PS)

4. The 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 to monitor movements of construction costs.

Recent Developments

5. Hong Kong's construction industry is currently going through a transformation period. Among the developments, the establishment of a

construction personnel registration system 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. At the same time, building up the export capability of Hong Kong's professional services pertaining to construction has assumed greater urgency with China's entry into the WTO and the decision to launch the strategic development of Western China.

Construction Personnel Registration System

6. There is currently no registration requirement for construction workers except for those engaged in specified trades. In view of the envisaged benefits of registration in terms of providing accurate data on labour supply to facilitate manpower planning and training, ensuring the quality of construction works through certification of the skill levels of workers, the Construction Advisory Board has recommended the establishment of a registration scheme for construction workers in Hong Kong. The Works Bureau has accepted the recommendation and has taken this on as one of its policy initiatives. This initiative will have significant implications for the sustained development of the construction industry. It will cover some 150 000 construction workers in different trades and their employers. To implement this new policy initiative, Works Bureau will complete drafting of the new legislation by end 2001 to provide the statutory framework and will oversee the implementation and development of registration and trade test systems in meeting the specific needs of different trades.

Promotion of Construction Services in the Mainland

7. Another policy initiative of the Works Bureau is 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 WTO and the decision to launch the strategic development of Western China, there will be increasing business opportunities on a continuing basis for Hong Kong. At the same time, there will also be greater challenges in competing for business in the Mainland. In this context, Works Bureau's initiatives are to 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 other competitors.

Proposed upgrading of the CAS(PS) post

8. In view of the increasing complexity and higher level of responsibilities associated with implementing the construction personnel registration system and monitoring its development, and with the Works Bureau's assuming a proactive role in promoting the local construction and related services in the Mainland, the Secretary for Works (S for W) considers that there is a need for an officer at the appropriate rank to assume the strategic roles and to take forward these initiatives independently. 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(D1) to GE(D2) (to be retitled as PAS(PS)) is the most appropriate and cost-effective means to meet the need.

9. In discharging his strategic roles, PAS(PS) will focus his attention on the following –

(A) Registration of construction personnel

PAS(PS) will be responsible for spearheading the establishment of the registration system. As such, he will formulate strategies for taking forward this initiative, provide input on the drafting of new legislation to bring about the statutory framework, oversee the development of registration and trade test systems in meeting the specific needs of different trades and play a pivotal role in setting up the statutory Registration Board which, in turn, will appoint a Registration Body to take charge of the registration work and maintenance of the database.

As the subject officer in the policy bureau, PAS(PS) will oversee the implementation of the registration scheme and monitor the operation of the registration system. To this end, he will provide support and guidance for the functioning of the Registration Board, oversee the operation of the Registration Body, explore further development of the scheme in the light of experience gained from its implementation, provide professional input on manpower planning, training and strategic development of the construction industry.

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

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

PAS(PS) will devise and 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 their counterparts in Hong Kong, covering such areas as legislation, professional qualifications and practicing 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 Hong Kong's construction industry and their counterparts in the relevant Mainland authorities at ministerial and provincial level to monitor the effectiveness of the exchange mechanism.

(ii) *Fostering co-operation among engineering and construction related professions for the promotion a comprehensive service to the construction industry*

Past experience indicates that to be successful in bidding for contracts in the Mainland, we need to be able to offer a comprehensive service (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 serve as the contact point for enquiries from the Mainland concerning the construction industry and related systems in Hong Kong.

(iii) *Broadening the potential market for 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 service, he will represent S for W in discussing and liaising with Mainland officials at ministerial and provincial levels to address the concerns of the Hong Kong construction industry, notably 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.

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

FINANCIAL IMPLICATIONS

11. 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

12. The additional full annual average staff cost of the proposal, including salaries and staff on-cost, is \$379,000. We have included sufficient provision in the 2000-01 Estimates to meet the cost of this proposal.

BACKGROUND INFORMATION

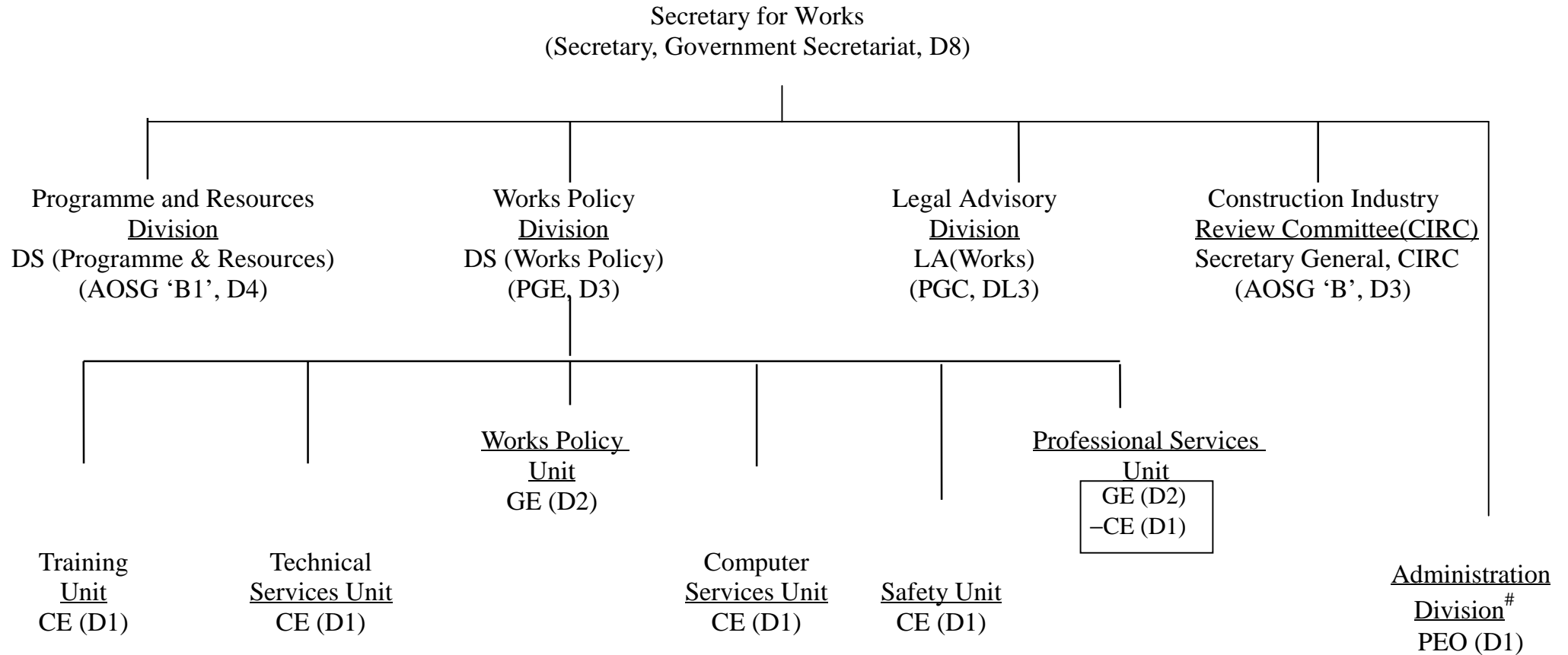
13. In the 2000 Policy Address documents, the Administration has undertaken to implement the construction personnel registration system and to promote the exchange of construction technology and expertise in public works between Hong Kong and the Mainland.

14. We have sought the views of the Construction Industry Review Committee (CIRC) on these two policy initiatives. 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. 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.

Works Bureau
November 2000

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Organization Chart of the Works Bureau



Legend

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| DS - Deputy Secretary for Works | GE - Government Engineer |
| LA - Legal Adviser | CE - Chief Engineer |
| AOSG- Administrative Officer Staff Grade | PEO - Principal Executive Officer |
| PGE - Principal Government Engineer | # - Also serves the Planning and Lands Bureau |
| PGC - Principal Government Counsel | - 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 ensure the efficient management of the Professional Services Unit;
- (2) to manage the lists of approved contractors, including recommending disciplinary action against and upgrading and downgrading of contractors etc;
- (3) to maintain and improve a central record of contractors' performance;
- (4) to formulate policy recommendations on the administration and appraisal of contractors;
- (5) to service the Engineering and Associated Consultants Selection Board and the Construction Advisory Board;
- (6) to formulate policy recommendations on the selection procedures, conditions of employment, remuneration and evaluation of performance of consultants;
- (7) to keep under review and assess the availability of resources and capacity of the construction sector to implement public sector development projects;
- (8) to assess movements of construction costs and co-ordinate the development of indicators, e.g. labour and material indices, tender price index etc;
- (9) to oversee the timely compilation and publication of the quarterly Works Digest;
- (10) to advise on matters concerning professional services, consultants, contractors and the construction industry; and
- (11) to attend meetings of several professional services related committees, working groups and sub-groups.

**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 to ensure the efficient management of the Professional Services Unit -

- (1) to formulate policy recommendations and strategic plans on promotion of the exchange of construction technology and expertise in public works 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 strategic plans on construction personnel registration system, and to monitor the operation of the registration system;
- (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 & 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 keep under review and assess the availability of resources and capacity of the construction sector to implement public sector development projects;
- (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 attend meetings of several professional services related committees, working groups and sub-groups.