

**Discussion Paper for
Legislative Council Panel on Planning, Lands and Works**

Creation of Supernumerary Directorate Posts in the Works Bureau

We are planning to submit a proposal on the creation of time-limited posts in the Works Bureau (WB) to the Establishment Subcommittee of the Finance Committee for consideration at its meeting on 20 June 2001.

PROBLEM

2. We require dedicated administrative and professional support at the directorate level to steer through the implementation of the 109 recommendations made by the Construction Industry Review Committee (CIRC). We also need a core team of non-directorate staff in the WB to examine, assess and implement specific recommendations.

PROPOSAL

3. We propose –

- (a) to create three supernumerary posts of one Administrative Officer Staff Grade B (AOSGB) (D3) and one Chief Engineer (CE) (D1) in the new Industry Review Division, and one Deputy Principal Government Counsel (DPGC) (DL2) in the existing Legal Advisory Division (LAD) for three years; and
- (b) to increase the ceiling placed on the total notional annual mid-point salary (NAMS) value of all non-directorate posts in the permanent establishment under Head 56 – Government Secretariat : Planning and Lands Bureau and Works Bureau in 2001-02 from \$101,415,000 by \$5,290,320 to \$106,705,320 for

creating nine non-directorate posts.

At the end of three years, we will take stock of the progress of implementation of the recommended improvement measures and review the need for these posts.

JUSTIFICATIONS

Strategy for taking forward the recommendations of the CIRC report

4. In its Report entitled "Construct for Excellence", the CIRC has recommended a comprehensive change programme comprising 109 improvement measures aimed at transforming the construction industry into a modern, safe, innovative, efficient, environmentally responsible and client-oriented industry. Having studied the CIRC report and consulted relevant bureaux and departments, the Administration agrees in principle to establish an industry co-ordinating body (ICB) and pending its formation, to set up a provisional ICB. Works Bureau will be appointed as the lead agency within the Administration to co-ordinate with relevant bureaux and departments on all construction-related matters, and to co-ordinate the implementation of the CIRC recommendations. In addition, the Administration agrees to take forward the remaining 107 recommendations.

Co-ordination within the construction industry

5. The change programme recommended by the CIRC has identified the establishment of an ICB as a key building block for the future success of the construction industry. The ICB will be a statutory industry organisation with a broad membership base involving all industry stakeholders and independent members. The Government will be represented on the body as clients. The main role of the ICB is to deliberate on industry-wide issues and to communicate the industry's needs and aspirations to the Government. In addition, it will carry out executive functions such as administering registration schemes for construction personnel and organisations, promoting good practices and innovative technologies, co-ordinating construction-related research, overseeing manpower development and training arrangements, and devising incentive schemes and performance indicators. Given the wide scope of its intended

functions, WB needs to further consult industry stakeholders and relevant bureaux and departments in order to thrash out details of its structure, powers and membership, and to spearhead its early formation.

Works Bureau as lead agency in implementing the change programme

6. Another main recommendation of the CIRC is that there should be a new institutional framework for implementing the change programme for the construction industry. Within the Government, WB as the lead agency will need to develop and establish a co-ordination framework within which the concerns of the industry on strategic issues are properly reflected to relevant bureaux and departments, and that there is better co-ordination in policy making which impacts on the industry. Within the industry, the ICB will be set up to provide a better focus on strategic issues and to sustain momentum for change. As part of its leading role in implementing the change programme, WB will consider how best to set up the ICB and what developmental path it should take to become a permanent and statutory body. Besides, WB will assume an overview of the work of relevant bureaux, departments and industry stakeholders in taking forward the other 107 recommendations of the CIRC, implement specific improvement measures and take stock of the progress of implementation in three years.

7. While WB is best placed to become the lead agency because of its knowledge of the current system of construction procurement and understanding of the construction industry, it needs additional staff resource to take on the mammoth task of steering through the CIRC recommendations. In order to provide the dedicated support to the Secretary for Works, we propose to create three key posts at the directorate level. The posts are task-based and will be created on a supernumerary basis for three years to tie in with the full review of the progress in implementing the CIRC recommendations.

Need for a supernumerary Administrative Officer Staff Grade B (D3) post

8. Given the importance placed by the Government on the continuing development of the construction industry and the far-reaching consequences of the CIRC recommendations, we consider it necessary to create a supernumerary post of Deputy Secretary (DS) in the WB at the level of AOSGB (D3). Known as Deputy Secretary (Industry Review) and heading a new task-based Industry Review Division, the incumbent will mainly be responsible for developing and co-ordinating the setting up of the

provisional ICB, formulating a strategic plan for implementing the improvement measures recommended by the CIRC, overseeing the progress of implementation, and introducing systems and procedures within the Government to enable the proper regulation and promotion of the construction industry.

9. The proposed DS(Industry Review) will act as an agent for change and be able to provide good policy steer in the construction industry reform. He should have wide administrative experience in co-ordinating the work of the implementing parties, both within and outside the Government, and handling construction-related issues which may cut across the programme areas of different policy bureaux. He should also have strong leadership skills and be capable of instilling a common purpose towards the implementation of the improvement measures with regard to the agreed strategy and timeframe. Taking into account the complexities of the tasks and the job requirements, we consider the ranking of the post at AOSGB to be appropriate.

10. The organisation chart of the WB and the schedule of responsibilities of the proposed post of DS(Industry Review) are at Enclosures 1 and 2 respectively.

Encls. 1
and 2

Need for a supernumerary Chief Engineer (D1) post

11. Having considered that some of the CIRC recommendations would bring about fundamental changes in the systems and practices in the construction industry, we consider that a CE (D1) post is required to advise DS(Industry Review) on complicated professional and technical issues arising from the recommended improvement measures and support him in taking forward the change programme. He will have to liaise with public sector clients and industry stakeholders and to resolve issues arising from the changes, co-ordinate with various parties on the implementation plan and monitor and evaluate feedbacks and progress. The accomplishment of these tasks will call for profound knowledge of the system of construction procurement, problems and issues facing public sector clients, and sufficient understanding of systems and practices in the construction industry. We therefore consider it appropriate to rank the post at the chief professional level. A schedule of responsibilities of the proposed post of Chief Assistant Secretary (CAS) (Industry Review) is at Enclosure 3.

Encl. 3

12. The DS and the CAS will form the two key posts in the Industry Review Division in the WB, which will play a pivotal role in

driving the change programme for the construction industry.

Need for a supernumerary Deputy Principal Government Counsel (DL2) post in the Legal Advisory Division

13. The LAD in the WB is responsible for providing legal services to the whole of the Government's construction programme. It also advises the WB and the Works Group of Departments on all legal matters in the course of their administration. With the WB playing a leading role in taking forward the CIRC recommendations and given that many of the improvement measures are construction-related, it is expected that the LAD will be heavily tasked to provide legal input of a specialist nature. For instance, considerable legal input will be required in implementing the mandatory registration scheme for construction personnel, assessing the merits and need for security of payment legislation and the establishment of the ICB. Given the critical role placed on public sector clients in driving the construction industry to improve its operations, the LAD will also be actively involved in the process of reviewing and developing dispute resolution mechanisms, quality-oriented procurement strategies, contractual requirements and sanctioning mechanisms in the procurement of public works.

14. The LAD is headed by the Legal Advisor (Works) (LA(W)) (DL3) who is underpinned by two DPGC (DL2). With the coming on stream of a number of major infrastructure projects particularly Route 9 and Route 10 projects in the next few years, the DPGC will be heavily engaged in drafting of works contracts and consultancy agreements, advising on validity of claims and resolving disputes. In addition, considerable and timely legal input has to be provided to the contracts and agreements related to the Disneyland project in the next couple of years so as to ensure that the interests of the Government are protected. We therefore propose to create a supernumerary post of DPGC in the LAD. The incumbent will be responsible for advising on the legal aspects of the CIRC recommendations to be taken forward by the WB and the Works Group of Departments. A schedule of responsibilities of the proposed DPGC post is at Enclosure 4.

Encl. 4

Non-directorate support

15. A core team comprising nine non-directorate posts will be required in the WB to provide the administrative, professional and general support in taking forward the CIRC recommendations. While the workload arising from the implementation of some of the less complicated

improvement measures will be absorbed by existing professional staff mainly in the Works Policy Division of the WB, there is a need for additional task-based support in implementing a wide range of improvement measures. These include the establishment of mandatory registration scheme for construction workers, development of more effective systems for assessing and managing the performance of consultants and contractors, and the review of the General Conditions of Contract for building, civil engineering and electrical and mechanical engineering works. In addition, extensive research and studies will need to be conducted in examining and assessing measures which are highly complicated, have far-reaching policy or significant resource implications, or require legislation.

16. To enable the creation of these nine non-directorate posts, we propose to raise the NAMS ceiling of all non-directorate posts under Head 56 – Government Secretariat : Planning and Lands Bureau and Works Bureau from \$101,415,000 by \$5,290,320 to \$106,705,320 in 2001-02. The creation of these non-directorate posts will be dealt with in accordance with the normal procedure through the Departmental Establishment Committee mechanism.

FINANCIAL IMPLICATIONS

17. The additional notional annual salary cost of the proposal of creating one AOSGB (D3), one DPGC (DL2) and one CE (D1) posts at mid-point is \$4,236,600. The additional full annual average staff cost of the proposal, including salaries and staff on-cost, is \$7,202,652.

18. The additional notional annual mid-point salary and full annual average staff cost of the proposal for the creation of the proposed nine additional non-directorate posts (as detailed in paragraph 15 above) are \$5,290,320 and \$9,219,276 respectively.

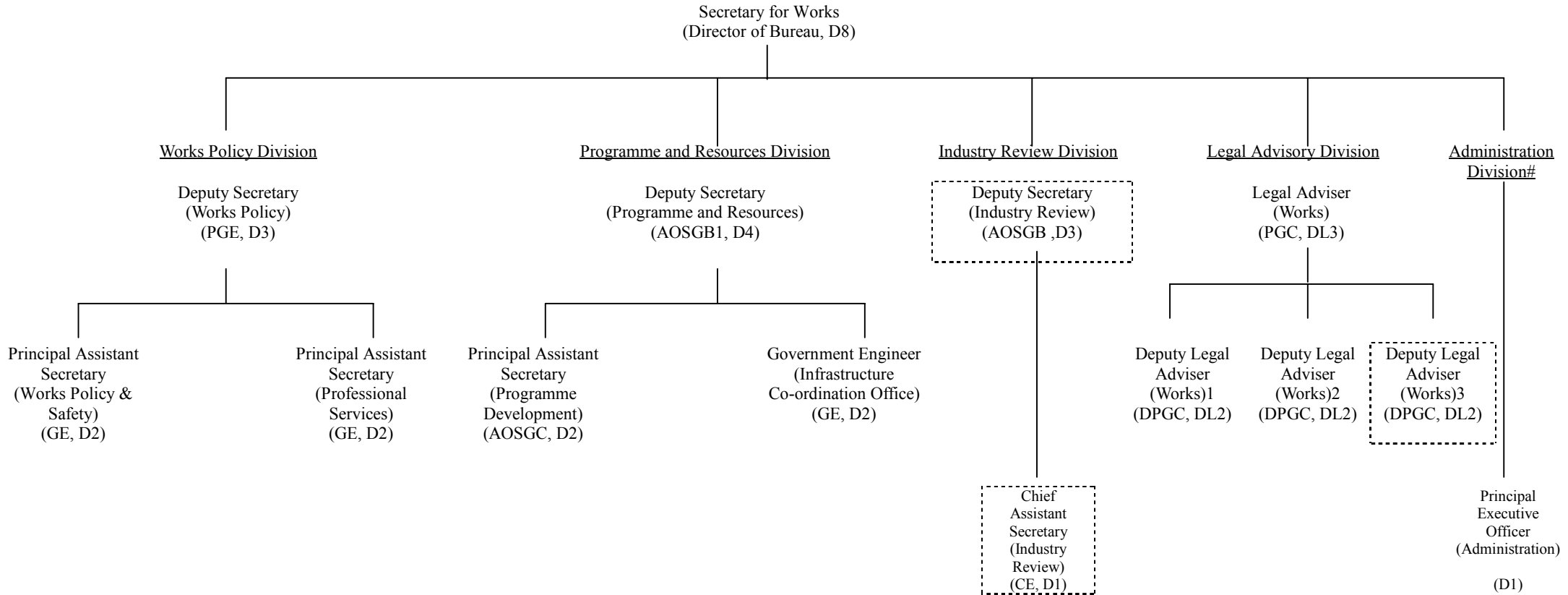
BACKGROUND INFORMATION

19. In April 2000, the Chief Executive appointed the CIRC, under the chairmanship of the Honourable Henry Tang, to examine the current state of the construction industry and to identify specific measures to improve its overall performance in terms of quality, efficiency, productivity, site safety, environmental friendliness and customer satisfaction. After nine months of intensive and wide-ranging consultation with the industry

and concerned Government bureaux and departments, the CIRC completed the review and submitted its report entitled "Construct for Excellence" to the Chief Executive on 18 January 2001. The CIRC report recommended a package of improvement measures, with recommended key implementing parties and suggested implementation timeframe, to lift the quality and cost-effectiveness of the construction industry. Emphasis has been placed on a major culture change in order to achieve an integrated construction industry that is capable of continuous improvement towards excellence in a market-driven environment. Clients, in particular public sector clients, are expected to play an important role in driving the construction industry to improve its operations.

Works Bureau
June 2001

Existing and Proposed Organisation Chart of Works Bureau



Legend

AOSG'B' Administrative Officer Staff Grade B
 AOSG'C' Administrative Officer Staff Grade C
 PGE Principal Government Engineer
 GE Government Engineer
 CE Chief Engineer

PGC Principal Government Counsel
 DPGC Deputy Principal Government Counsel
 # Also serves the Planning and Lands Bureau
 [Dashed Box] Proposed supernumerary directorate posts

**Proposed Schedule of Responsibilities of
Deputy Secretary (Industry Review)**

Rank: Administrative Officer Staff Grade B

Main Duties and Responsibilities

As head of the Industry Review Division in the Works Bureau, the Deputy Secretary (Industry Review) will be responsible to the Secretary for Works in taking forward the implementation of the change programme for the local construction industry as embodied in the recommendations of the Construction Industry Review Committee (CIRC). In particular, the officer will be responsible for the following duties -

- (1) to develop, in consultation with policy bureaux and departments, the institutional framework and arrangements for establishment of the provisional co-ordinating body for the construction industry;
- (2) to spearhead the establishment of the industry co-ordinating body (ICB), consulting and liaising with eminent members and major stakeholders in the local construction industry;
- (3) to make recommendations on the relationship between the Government and the ICB and to establish effective channels for regular dialogue;
- (4) to formulate strategy and to seek legislation for the evolution of the provisional ICB into a statutory body in due course;
- (5) to develop a co-ordination mechanism which will enable the Works Bureau, as regulator and promoter of the construction industry, to maintain an overview of all matters concerning local construction and to foster collaboration among bureaux and departments on construction-related issues;
- (6) to formulate detailed programme for taking forward the CIRC recommendations with regard to agreed priorities and timeframe and co-ordinate with Government bureaux, departments and industry stakeholders on implementation of the recommendations;
- (7) to oversee research and studies on those CIRC recommendations which have far-reaching policy and resource implications or may require legislation and to seek the Administration's endorsement on the way forward; and
- (8) to monitor progress on reform of the local construction industry, manage the public relations aspects and complete a full review on implementation by the end of three years.

**Proposed Schedule of Responsibilities of
Chief Assistant Secretary (Industry Review)**

Rank: Chief Engineer (D1) (Multi-disciplinary)

Main Duties and Responsibilities

To assist the Deputy Secretary (Industry Review) in the following duties -

- (1) to advise on complicated professional and technical issues arising from the implementation of the Construction Industry Review Committee (CIRC) recommendations by relevant bureaux and departments;
- (2) to co-ordinate the work of the implementing parties in particular that of the Works Departments;
- (3) to liaise with industry stakeholders and to facilitate discussions and consensus building on the role of the industry co-ordinating body;
- (4) to make recommendations on developing and implementing the co-ordination framework within the construction industry;
- (5) to put in place a system for overall monitoring and reporting on the implementation of the CIRC recommendations;
- (6) to monitor feedback from Government departments as public sector clients in construction procurement and those from the industry stakeholders and to gauge the effectiveness of the improvement measures; and
- (7) to oversee the work of senior professionals on providing technical and research support to the division.

**Proposed Schedule of Responsibilities
Deputy Principal Government Counsel (Industry Review)**

Rank: Deputy Principal Government Counsel (DL2)

Main Duties and Responsibilities

Responsible to Legal Adviser (Works) for providing legal advice on the implementation of the recommendations of the Construction Industry Review Committee (CIRC). Main duties include -

- (1) to advise on policies and all matters relating to the incorporation of the CIRC recommendations in contract documents including developing contract-based practices to ensure proper management of environmental aspects of construction, formulating tighter control over the performance and management of sub-contractors working on public works projects and developing an effective disciplinary mechanism to tackle non-performers;
- (2) to draft and incorporate the recommendations to the Government's General Conditions of Contract for Civil Engineering Works, Electrical and Mechanical Engineering Works, Building Works and Design and Build Contracts and other forms of contract;
- (3) to advise on alternative dispute resolution methods that are not presently in use by the Government;
- (4) to draft and incorporate partnering arrangements and other co-operative contract techniques into contract documents;
- (5) to advise on draft drafting instructions for legislation relating to establishment of an industry co-ordinating body and security for payment, and for amending works-and construction-related ordinances;
- (6) to undertake other tasks as may be required for the implementation of the CIRC recommendations; and
- (7) to carry out any other tasks as may be assigned from time to time by Legal Adviser (Works).