

(53) in CSBCR/SM/A3/5/01

2810 3112

2501 0669

13 June 2002

Mr Paul Pang
Chairman
Senior Non-Expatriate Officers' Association
Room G13 East Wing
Central Government Offices
Lower Albert Road
Hong Kong

Dear Mr Pang,

**Re-engineering of
the Architectural Services Department (Arch SD)**

Thank you for your letter dated 30 April 2002 to the Secretary for the Civil Service, who has asked me to reply on his behalf.

The Administration has decided to re-engineer Arch SD after careful consideration of the department's future roles and functions, the needs of the community for more public projects, the aspirations of the private sector to have more opportunities to take part in public projects as well as their capacity and capability in handling government projects. The re-engineering initiative is in line with Government's policy objective of enhancing service quality and raising public sector productivity through increased partnership between the public and the private sectors.

Under the re-engineering programme, Arch SD will focus on the following new strategic roles –

- (a) to strengthen its professional role as the Government's corporate advisor on public building development and maintenance matters;
- (b) to expand its role in working with the industry to improve the design and maintenance of public buildings and in promoting higher standards in construction, site management and safety; and
- (c) to concentrate more on project management and supervisory functions in delivering and maintaining public building projects.

As a result of its new strategic focus, Arch SD will outsource the bulk of its construction and maintenance works to the private sector, which has the necessary expertise and delivery capacity. While targets have been set for the extent of outsourcing in Arch SD in the long run, the department will adopt a flexible approach in implementing the re-engineering programme, and will conduct regular reviews on its implementation, with due regard to the performance of the industry in taking on the increased work and the impact on Arch SD staff. In this regard, I understand the Director of Architectural Services has set up various communication channels in the department to facilitate consultation with staff on the re-engineering of the department. Staff are encouraged to give their views and suggestions on the re-engineering programme through these channels.

In your letter, you commented on the cost-effectiveness of the outsourcing option. I wish to clarify that the consultancy commissioned by ArchSD did not draw any firm conclusion that it would be more cost-effective to carry out Arch SD's projects with in-house resources. As the consultants had pointed out, there was only limited data for comparison purpose due to the small number of outsourced projects in Arch SD at present. Moreover, the projects under study were of widely different nature and complexity, thus making a direct comparison on cost-effectiveness difficult.

As you are aware, extensive outsourcing has been practised in the other works departments for some time and to good effect. We consider that further outsourcing in Arch SD will provide greater room

for the private sector to develop its pool of expertise and resources through more active participation in Government works. The additional volume of works projects to be outsourced will also encourage the private sector to further invest in emerging technologies and works methods so as to better meet Arch SD's requirements. These developments would help to enhance the overall cost-effectiveness of the outsourcing option in Arch SD in the long run.

Turning to staffing issues, we fully appreciate the concerns expressed about the possible impact of the re-engineering programme on ArchSD staff. Works Bureau and Arch SD will continue to work on appropriate arrangements, such as retraining and redeployment, for those staff who will be affected by the re-engineering programme. To facilitate this task, an inter-departmental working group comprising all relevant parties, including this Bureau and the affected Heads of Grades and Heads of Departments, has been set up to work out the detailed staffing arrangements and related issues. Works Bureau and Arch SD will keep staff informed of the outcome of the deliberations in the inter-departmental working group.

For Arch SD's re-engineering initiative to succeed, it is crucial that we have the support of the staff. We hope we can count on the staff's continued cooperation in the implementation of the staff retraining and redeployment arrangements in due course.

Yours sincerely,

(Angelina Fung)
for Secretary for the Civil Service

c.c. The Chairman and Members of
LegCo Panel on Public Service
LegCo Panel on Planning, Lands and Works
c/o Clerk of the above LegCo Panels
Secretary for Works
Head, Efficiency Unit
Director of Architectural Services
Staff Associations and Representatives,
Architectural Services Department

Internal

P(SR)