

For discussion on
28 April 2009

Legislative Council Panel on Development

Proposed Creation of a Supernumerary Post of Administrative Officer Staff Grade B in the Development Bureau

PURPOSE

This paper seeks Members' views on the proposed creation of a supernumerary post of Administrative Officer Staff Grade B (AOSGB) (D3) as the Head of the Development Opportunities Office (Head/DOO) in the Development Bureau (DEVB) with effect from 1 July 2009 for a period of three years. As announced by the Financial Secretary in his 2009-10 Budget Speech, the Development Opportunities Office (DOO) is intended to provide "one stop", co-ordinated advice to private sector as well as non-Government organizations (NGO) in respect of their land development proposals.

JUSTIFICATIONS

Facilitating Private Sector Developments

2. As mentioned by the Financial Secretary, works completed by the public sector only accounted for about 30 to 50 per cent of overall construction output. These private sector construction projects are crucially important to Hong Kong in terms of their contribution to the economy, to meeting housing and other demands and in creating jobs. Since the onset of the financial tsunami, we have already seen a slow down in private sector investment in construction. While the Government will continue to press ahead with public sector infrastructure development, the public sector alone, albeit with promising expenditure levels from 2009-10 onwards, is unlikely to sustain the entire construction industry and jobs in the sector. We would need to find ways to encourage private development projects in order to support jobs in the construction sector and various parts of the economy. We believe that a dedicated office playing a liaison and coordinating role would

provide focused policy steer and stronger co-ordination between the relevant government bureaux and departments in the assessment of such projects. This would allow development proposals to be processed more quickly and efficiently at a subsequent stage. A dedicated office devoted to facilitating private sector developments would also send a positive signal to encourage more innovative projects.

The Development Process

3. Judging from the current lack of interest in the Application List and slow-down in lease modification/premium discussions, private sector investment in development projects will inevitably drop. That said, some sounding out of the market and views expressed to the Government from time to time suggest that difficulties in getting through various government authorities and statutory processes are also a main obstacle inhibiting development.

4. While project proponents appreciate and recognise that development projects would need to go through the statutory procedures like planning permission from the Town Planning Board; technical assessments such as traffic impact assessment, environmental impact assessment, air ventilation assessment, heritage impact assessment, etc.; submission of building plans; and lease modification or land exchange before construction may proceed, there is at present the lack of a dedicated unit within the Government to take a broad view of the proposed projects in terms of its merits. Project proponents are also finding it difficult to access all the relevant bureaux/departments on their own as opposed to a holistic approach which would be more conducive to development, particularly for more complex projects crossing traditional departmental boundaries.

5. The Development Bureau is alive to the above concerns about getting private land development projects through various government authorities and respective statutory processes and the uncertainties some prolonged and protracted processes may create for investment decisions. Project proponents have complained that at times inconsistent advice has been received in the process of administrative or statutory consultations. The same concerns may apply to development or redevelopment projects undertaken by NGOs. While this phenomenon is unintended, the fact is individual bureaux and departments are preoccupied with their own mission and objectives and could only comment on project proposals within their purview. However, in reality, developments very often involve a fine balancing act, with the best public interest in mind.

Establishment of the Development Opportunities Office

6. In order to better seize development opportunities, particularly amid the current economic downturn, and to facilitate infrastructure and building developments undertaken by the private and NGO sectors, the DOO will provide one-stop advisory and co-ordinating support to land development proposals considered to be beneficial to the community at large. Given that such development projects are land-related and frequently involve planning, land and building matters, it is appropriate and within the purview of DEVB to undertake the co-ordination and liaison role in the form of the DOO. However, the actual co-ordination would go beyond DEVB and its group of departments where the project has policy implications.

7. The perceived benefits of DOO are illustrated by the positive response from NGOs seeking the Government's co-ordinated advice. Since announcement by the Chief Executive (CE) after the second meeting of the Task Force on Economic Challenges on 8 December 2008 that government departments would provide more active support to charitable and voluntary organisations considering extension or relocation plans, a total of ten such proposals have been received seeking the Administration's assistance and advice.

8. We propose that projects going through the DOO should meet the following criteria:

- (a) the projects are proposed by proponents in possession of their own land but the use of the land for the proposed project may require rezoning or town planning application and subsequently land exchange or lease modification, although some flexibility may be allowed with regard to projects by the NGO sector; and
- (b) the projects should not be exclusively residential but should contain components of wider economic value, e.g., contributing for example to tourism, logistics, services, heritage or nature conservation, community uses, etc.

9. As mentioned by the Financial Secretary (FS) in the Budget Speech, the DOO will not replace the existing statutory procedures, public consultation and regulation. It will not provide any convenient 'short-cut' for the projects it assists. Land premium and fees, if

applicable, must be paid in accordance with established government policies and generally in full, although some flexibility may be allowed with regard to development projects by the NGO sector.

10. For projects by the NGO sector, other than the availability of land, there should not be any recurrent financial implications for the Government but a capital grant for the construction works may be provided depending on the merit and need of the case. The NGOs concerned should have proven track record and are well-established organizations providing subvented or self-financing public services and the projects should receive policy support from the relevant policy bureaux.

11. Regarding paragraph 8(b) above, we notice that some have queried why land development proposals that are exclusively residential in nature could not benefit from the DOO since real estate after all is an important contributor to Hong Kong's economy. In response to this, we would submit that since the DOO aims at facilitating more innovative and complex projects spanning different policy areas, its priority focus and attention should be given to composite, rather than single nature housing projects the development process of which should be relatively more straightforward. Also, perception-wise, we believe that the public would be more understanding and supportive if the DOO is intended to serve Hong Kong's wider interests, rather than real estate developers per se. In practice, the DOO would be a very small unit and naturally its work has to be carefully prioritised. We therefore take the view that it is preferable for the DOO to commence its operation with clear priorities.

12. Separately, it is relevant to note that after the fourth meeting of the Task Force on Economic Challenges, the CE has announced that having reviewed the latest international and local economic situation, six economic areas have been identified for deliberations on how they can be further developed, viz. (1) testing and certification; (2) medical services; (3) innovation and technology; (4) cultural and creative industries; (5) environmental industry; and (6) educational services. And 'land' is highlighted as one of the possible improvements to be studied. The setting up of the DOO would possibly play a useful role in this respect.

13. We are glad to note that some Legislative Council Members have spoken in support of the DOO during the Budget Debate. Stakeholders consulted also generally welcome the establishment of the DOO. The Land and Building Advisory Committee (LBAC) has given the proposal its unanimous support, and the Pre-construction Task Force

of the Business Facilitation Advisory Committee also expressed positive views on the work of the DOO. There was a concern that the DOO would be selective in rendering its assistance. In response to that, we would like to emphasize that the DOO is not an approving authority but a dedicated agent in supporting and advising project proponents through the development process. As stated previously, all existing statutory procedures, public consultation and regulations still have to be observed.

14. Moreover, in order to enhance transparency in the work of the DOO and to facilitate early community input, we propose to expand the role of LBAC to consider individual land development proposals processed by the DOO (details are set out below in paragraph 18). There will be no room for partiality on the part of the DOO. The DOO will maximize the use of its existing resources and assist as many development projects as possible provided that the project proposals satisfy the requirements stated in paragraphs 8(a) and (b).

THE PROPOSED STRUCTURE OF THE DOO

15. The DOO will be established in the Principal Official's Office (POO) so that the Office can seek a direct steer from SDEV. If necessary, the steer of the Chief Secretary and FS, or even CE, can be sought through SDEV. The existing structure of the DEVB and the POO is at Annexes 1 and 2 respectively.

Annex 1

Annex 2

16. The DOO is proposed to be established for a period of three years. As a completely new set-up, its performance will be reviewed based on say one to two years' experience before a decision is made on the permanent need for the Office. The arrangement also allows for flexibility in refining the structure and duties of the DOO at a later stage, if considered necessary.

17. To head this Office, we propose the creation of a supernumerary post of Head/DOO at the rank of AOSGB (D3). Equipped with the necessary policy and practical experience accumulated from working in various government offices, Head/DOO will be able to exercise leadership, access other bureaux/departments and effectively co-ordinate the handling of land development projects. To support Head/DOO, we will recruit two Project Directors of relevant professional backgrounds, such as town planning, estate surveying, architecture, engineering or project management in the relevant fields, on non-civil service contract terms for a period of three years. The team will also include an

Administrative Officer to be internally redeployed, a Personal Secretary I with a new post created and an Executive Assistant to be recruited on non-civil service contract terms for a period of three years. Short-term secondments from relevant departments would also be arranged to complement the technical expertise within the DOO while keeping the Office small. The proposed structure of the POO is at Annex 3.

Annex 3

OPERATION OF THE DOO

18. To provide for public involvement early in the consideration of the relevant development proposals, we will reorganise the LBAC to provide input to the work of the DOO. The LBAC is an advisory committee to the Government on planning, lands and building policies. Although non-official members are appointed on an *ad personam* basis, we have been adopting the practice of inviting related bodies and professional institutes (at Annex 4) to nominate members for our consideration. We propose to enhance the function of the LBAC so that the Committee can advise on the merits of individual proposals to the community and how the concerns arising from such proposals, if any, could be addressed. We will rename the LBAC as Land and Development Advisory Committee (LDAC) and strengthen its membership by appointing to it members from a wider spectrum of the community, so that the Committee will be informed about sentiments in the broader community on a certain development proposal and can advise on its relative merits before it undergoes the normal processing by various government departments and statutory bodies. The development proposals put to the DOO still have to go through the relevant statutory and administrative procedures to ensure that the Government is not seen to be favouring particular proposals.

Annex 4

19. Specifically, the DOO will be responsible for –

- (a) *supplying up-to-date information on the development application processes*

The DOO will gather and supply consistent and the latest information on government policies and statutory requirements and procedures from the relevant bureaux and departments for release to private sector investors, NGO project proponents and the public.

- (b) *facilitating private sector developments*

The DOO will advise and co-ordinate with the relevant bureaux and departments on the processing of development proposals. This includes –

- (i) receiving development proposals initiated by private sector and NGO project proponents;
- (ii) conducting preliminary assessments on the merits or otherwise of individual proposals in consultation with the relevant bureaux and departments;
- (iii) advising project proponents on the compliance with government policies, statutory procedures and requirements in consultation with the relevant bureaux and departments; and
- (iv) co-ordinating and liaising with the relevant bureaux and departments on projects that require inter-bureau or inter-departmental cooperation and support.

(c) *servicing the new LDAC*

The DOO will be –

- (i) taking over the secretariat service to the LDAC from the Lands Unit of the Development Bureau ;
- (ii) referring the development proposals received to the Committee for consideration and advice on the merits or otherwise of the proposed projects as well as any necessary follow-up measures to address any public concern; and
- (iii) communicating the advice of the LDAC to the relevant government bureaux and departments for consideration, and following through the processing of proposals deemed worthy by the LDAC.

(d) *enhancing community participation*

Other than working with LDAC, the DOO will assist the private sector or NGO project proponents on the processes and procedures of public engagement, including consultation with District Councils and the relevant advisory committees.

NEED FOR THE CREATION OF A SUPERNUMERARY DIRECTORATE POST

20. We need dedicated support at the directorate level to deliver effective leadership and to achieve effective co-operation between the various government bureaux and departments. In light of the importance and sensitivity of the work of the DOO as well as the complex and wide-ranging project proposals that the Office will handle, we propose that the DOO be headed by an AOSGB (D3), who will have the necessary policy experience for playing a strong leadership and co-ordinating role. His/her familiarity with the government system will also enable him/her to ascertain the respective roles and ambits of the policy bureaux and departments involved in a particular land development proposal.

21. As the focus of the creation of the DOO is to strengthen co-ordination of government response to non-government development proposals and to provide a dedicated service in particular to encourage and facilitate private sector developments, there is no duplication of work within the Development Bureau and its departments. The extra manpower required is modest and necessary.

Annex 5

22. The proposed job description of Head/DOO is at Annex 5.

FINANCIAL IMPLICATIONS

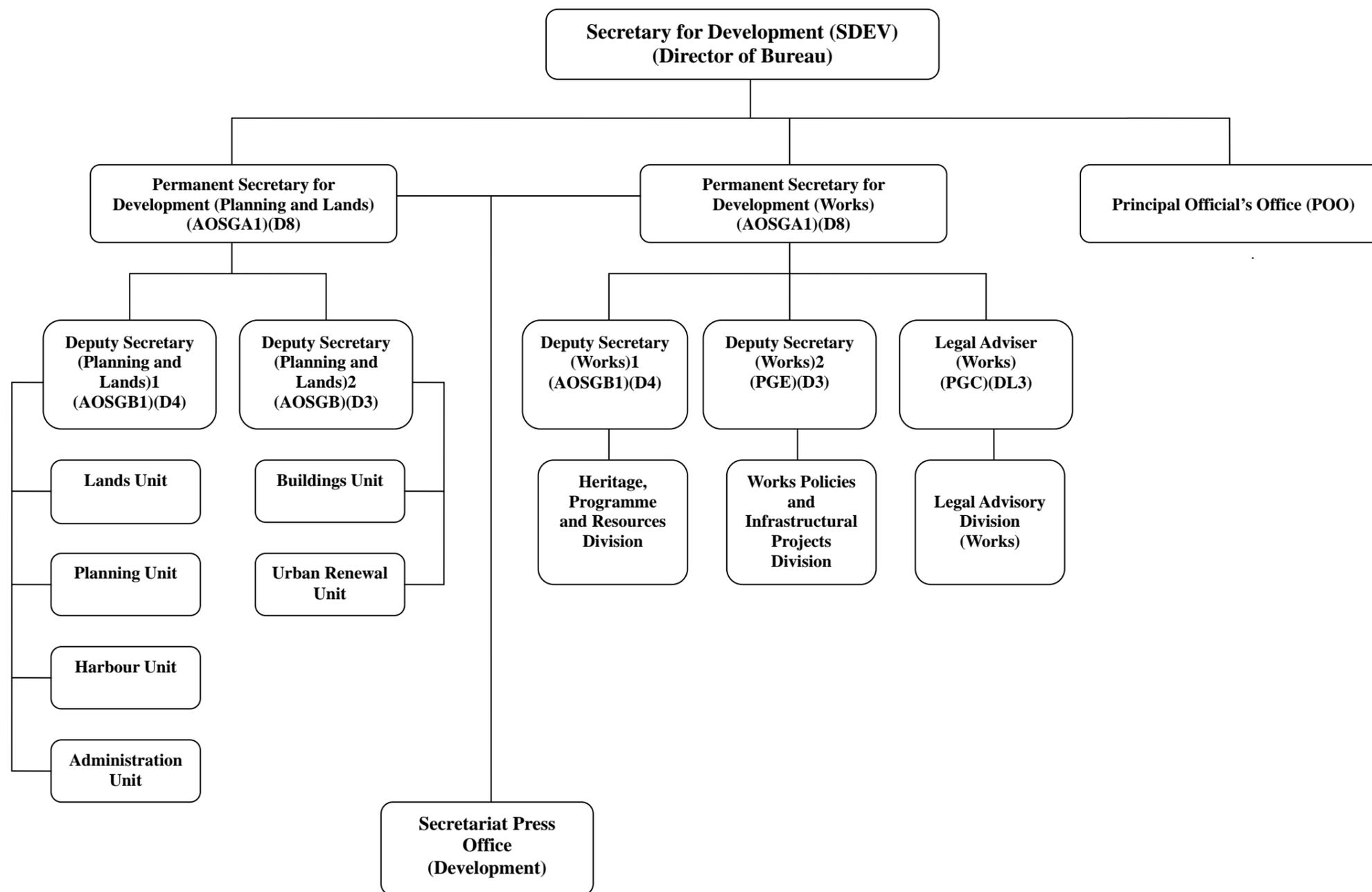
23. The proposed creation of the Head/DOO supernumerary post will require an additional notional annual salary cost at mid-point of \$1,763,000. The full annual average staff cost, including salaries and on-costs, for the post is \$2,452,000. The notional annual salary cost at mid-point and full annual average staff cost for the creation of the post of one Personal Secretary I are \$304,000 and \$424,000 respectively. As for the two Project Directors and the Executive Assistant to be recruited on non-civil service contract terms, the annual salary including contract gratuity will be around \$2,295,000.

ADVICE SOUGHT

24. Members are invited to comment on the proposal. Subject to Members' support, we will seek the approval of the Establishment Subcommittee/Finance Committee.

Development Bureau
April 2009

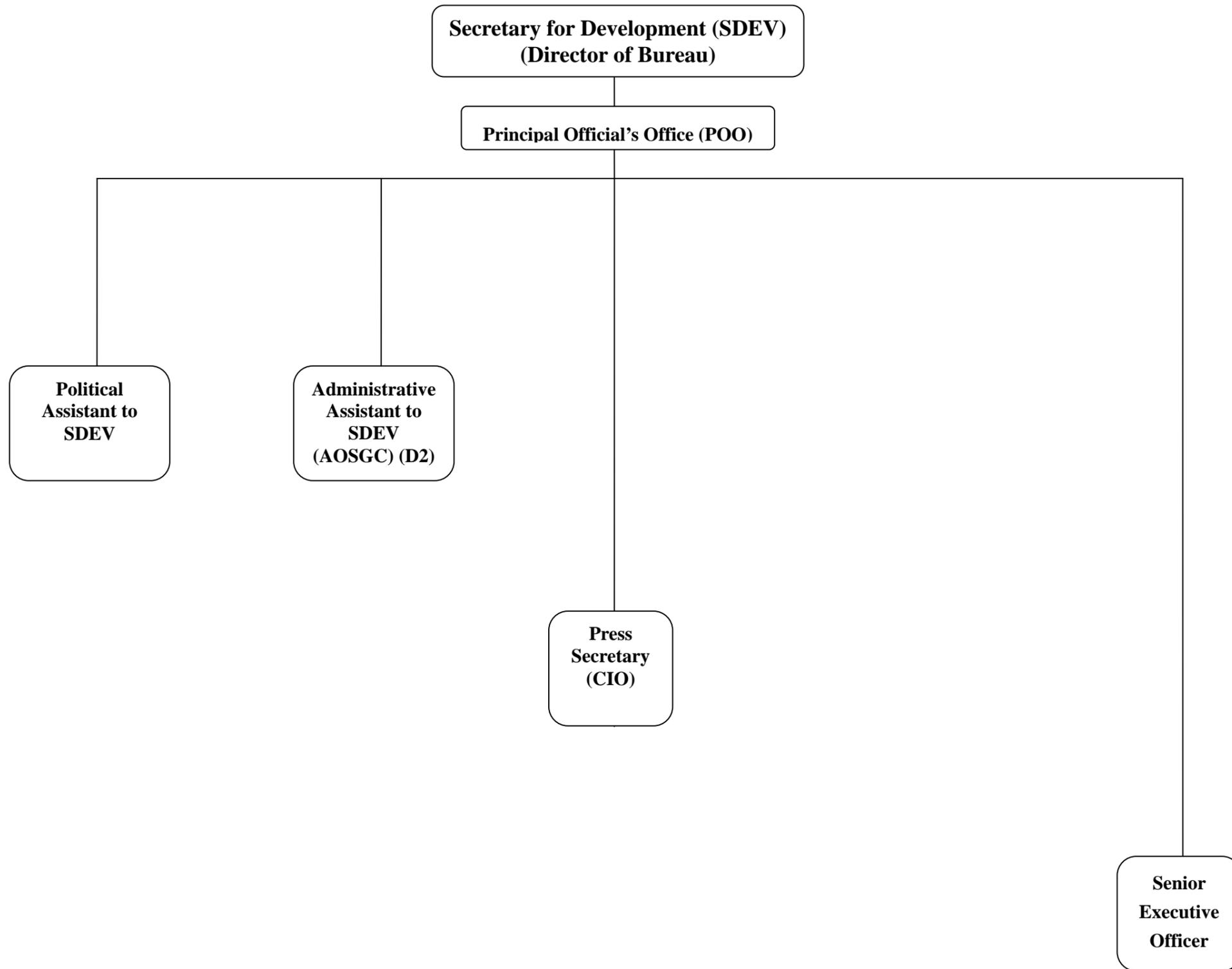
Existing Organization Chart of the Development Bureau



Legend

- AOSGA1 Administrative Officer Staff Grade A1
- AOSGB1 Administrative Officer Staff Grade B1
- AOSGB Administrative Officer Staff Grade B
- PGE Principal Government Engineer
- PGC Principal Government Counsel

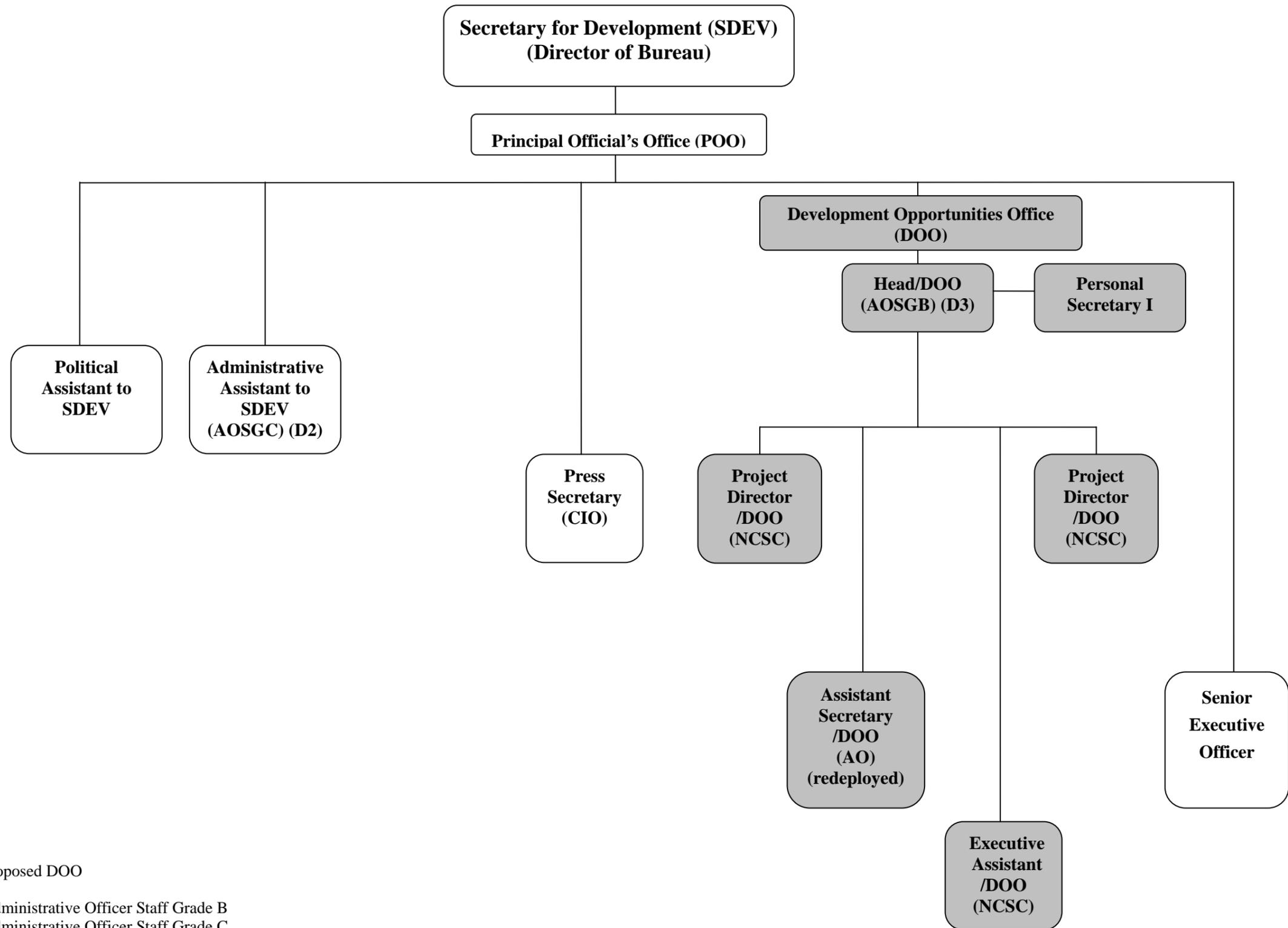
Existing Organization Chart of the Principal Official's Office (POO) in the Development Bureau



Legend

AOSGC Administrative Officer Staff Grade C
CIO Chief Information Officer

Proposed Organization Chart of the Development Opportunities Office (DOO) in the Development Bureau



Legend

- Proposed DOO
- AOSGB Administrative Officer Staff Grade B
- AOSGC Administrative Officer Staff Grade C
- AO Administrative Officer

**Land and Building Advisory Committee
(1 April 2007 – 31 March 2009)**

Professional organisations that have nominated non-official members:

The Hong Kong Construction Association Ltd

The Hong Kong Institute of Architects

The Hong Kong Institution of Engineers

The Hong Kong Institute of Landscape Architects

The Hong Kong Institute of Planners

The Hong Kong Institute of Real Estate Administrators

The Hong Kong Institute of Surveyors

The Real Estate Developers Association of Hong Kong

**Job Description of
Head of Development Opportunities Offices (DOO)**

Rank : Administrative Officer Staff Grade B (D3)
Responsible to : Secretary for Development

Major Duties and Responsibilities

1. To oversee the fact-finding and analysis of land development applications from private sector and NGO project proponents in light of existing government policies and statutory requirements.
2. To spearhead the co-ordination of inter-bureau and inter-departmental evaluation of land development applications, and the provision of preliminary assessments on the merits or otherwise of individual proposals in consultation with the relevant bureaux and departments.
3. To meet with and liaise with project proponents to ascertain the merits of the proposals, especially in terms of job creation and enhancement of Hong Kong's competitiveness.
4. To service the Land and Development Advisory Committee, including consultation with the Committee on projects evaluated by the DOO.
5. To manage the Development Opportunities Office to ensure its efficient operation.