

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

**HEAD 145 - GOVERNMENT SECRETARIAT
ECONOMIC SERVICES BUREAU**

HEAD 43 - CIVIL ENGINEERING DEPARTMENT

HEAD 82 - BUILDINGS DEPARTMENT

Subhead 001 Salaries

Members are invited to recommend to Finance
Committee -

- (a) the creation of the following supernumerary
directorates posts -

Economic Services Bureau

1 Administrative Officer Staff Grade C
(D2) (\$116,650 - \$123,850)

from 1 December 1999 to 31 March 2005

Civil Engineering Department

1 Principal Government Engineer
(D3) (\$127,900 - \$135,550)

from 1 December 1999 to 31 March 2005

1 Chief Engineer
(D1) (\$98,250 - \$104,250)

from 1 December 1999 to 31 March 2005

Buildings Department

1 Chief Structural Engineer
(D1) (\$98,250 - \$104,250)

from 1 April 2001 to 31 March 2002; and

- (b) the redeployment of the following permanent directorate post from 1 December 1999 -

Civil Engineering Department

1 Chief Engineer
(D1) (\$98,250 - \$104,250)

PROBLEM

The relevant Bureau and Departments need additional manpower resources to take forward the development of a world class international theme park, to be known as Hong Kong Disneyland (HKD), at Penny's Bay on Lantau Island.

PROPOSAL

2. We propose to -

- (a) create one supernumerary post of Administrative Officer Staff Grade C (AOSGC) (D2) from 1 December 1999 to 31 March 2005 to head a new International Theme Parks Division in the Tourism Commission of the Economic Services Bureau (ESB);

/(b)

- (b) create one supernumerary post of Principal Government Engineer (PGE) (D3) from 1 December 1999 to 31 March 2005 to head a new Special Duties Office in the Civil Engineering Department (CED) to take up the overall management of all works projects at Northeast Lantau, including the development of HKD;
- (c) create one supernumerary post of Chief Engineer (CE) (D1) from 1 December 1999 to 31 March 2005 to support the head of the new Special Duties Office in CED;
- (d) redeploy one post of CE (D1) from the Port Branch to support the head of the new Special Duties Office in CED; and
- (e) create one supernumerary post of Chief Structural Engineer (CSE) (D1) from 1 April 2001 to 31 March 2002 in the Buildings Department (BD) to lead a team of professional officers responsible for the evaluation and approval of new concepts and principles on structural designs and overseeing building works in compliance with the Buildings Ordinance and Regulations.

JUSTIFICATION

The HKD Project

3. The Government and The Walt Disney Company (WD) have agreed to proceed with Phase I of the HKD project. The agreement is subject to approval by the Executive Council, the Legislative Council and the WD Board. HKD will comprise a world class international theme park, a resort hotel complex and a retail, dining and entertainment area. According to the base case projection (the Base Case) prepared by WD, HKD is expected to attract some five million visitors in the opening year, rising to ten million by Phase I build out. The Government, with the help of financial advisers, has examined the calculations in the Base Case and concluded it is a reasonable basis for the project to proceed. The agreement also anticipates a Phase II project, which would include a second theme park, additional hotels and an expansion of the retail, dining and entertainment complex.

4. The Government Economist has considered the economic benefits of the project if the Base Case is achieved. His conclusion is that the development of Phase I of HKD will bring about a net economic benefit in present value over 40 years of \$148 billion and create 18 400 additional jobs directly and indirectly in the year of opening, rising to 35 800 at Phase I build out. While much economic benefit will be generated from the on-site activities, an also significant part of the overall economic benefits will come from the wider spin-offs, including those business activities in support of the theme park and associated facilities and the additional tourist spending induced elsewhere in Hong Kong.

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5. In order to capture the fullest benefit of the project as soon as possible, the Government and WD have agreed to set 2005 as the target opening date. This is an extremely tight timetable given the large-scale infrastructural works involved. These include reclamation of about 280 hectares of land, extensive road works, water supply, drainage and sewage services, a large water recreation centre, a public pier, a public transport interchange, two police posts and a fire station. The full cost of the Government works is about \$13.6 billion. Details will be set out in a separate submission which we will put to the Public Works Subcommittee for approval on 17 November 1999.

6. The Government and WD have also agreed to set up a joint venture company, to be known as Hong Kong International Theme Parks Limited (HKITP), to develop and operate HKD. The Government will initially be a majority shareholder and will provide a loan to help fund the project. There is therefore a need for the Government to closely monitor the performance of HKITP. Details of Government's financial undertaking in the project will be set out in a separate submission for consideration by the Finance Committee of this Council on 26 November 1999.

7. To ensure the project is implemented expeditiously, the Financial Secretary will chair a Project Steering Committee (PSC) to identify and address all potential problems.

8. In view of the scale and complexity of the project, the bureau and departments concerned will need additional manpower resources.

Economic Services Bureau

9. The Commissioner for Tourism in ESB has been leading the negotiations with WD and he will continue to spearhead the implementation of HKD. During the negotiation stage, we created a supernumerary AOSGC post under delegated authority on 1 October 1999 for six months to support the Commissioner.

10. For the implementation stage, we propose to create a small team in the Tourism Commission, to be headed by an AOSGC designated as Assistant Commissioner for Tourism (3). The team will coordinate, monitor and oversee the work of various parts of the Government in implementing the project. This involves no less than 20 bureaux and departments. The team will also service PSC and its sub-committees, liaise with senior management of WD in developing and running HKD, liaise with the Finance Bureau to implement the Government's

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financial undertakings and safeguard Government's investment, and so on. We therefore need an officer with strong leadership and negotiation skills to coordinate among departments, proven administrative experience to be aware of complications, and strategic planning capabilities to ensure timely completion of the project.

11. In addition to the supernumerary AOSGC post for the WD negotiations, the Commissioner for Tourism is now underpinned by two permanent AOSGCs and one AOSGC on loan from the central reserve. The three officers support the Commissioner in the formulation of tourism policy and strategy, as well as the implementation of a large number of other tourism-related projects and initiatives. They are already at their full capacity and cannot take on additional responsibilities.

Encls. 1 - 3 12. The duty list of the proposed AOSGC and the existing and proposed organisational chart of the Tourism Commission are at Enclosures 1 to 3 respectively.

Civil Engineering Department

13. During the negotiation stage, we created two supernumerary directorate posts, one PGE and one CE, under delegated authority on 2 October 1999 and 2 August 1999 respectively for six months to support the Director of Civil Engineering (DCE) to provide professional analysis and advice on the proposed projects during the negotiation stage.

14. In the implementation stage, given the extensive infrastructural works involved, we intend to set up a dedicated unit within CED, to be known as the Special Duties Office (SDO). The SDO will have two sub-divisions (one on coordination and one on works) and be responsible for the overall delivery, coordination and monitoring of all infrastructural and associated works at the HKD site and other related developments at or in the vicinity of Northeast Lantau. The overall expenditure by the Government on these projects is estimated to be about \$13.6 billion over the next ten years. The SDO will need to select, appoint, supervise and monitor the Government's consultants and employ contractors, liaise closely with various Government departments, utility companies, the rail operator and HKITP to ensure a smooth interface and timely delivery of all works.

15. We propose to create a PGE(D3), to be designated as the Deputy Director (Special Duties (DD(SD))), to head the SDO. The DD(SD) will oversee the implementation of the project and must liaise closely with senior management of WD to ensure a proper interface and coordination on all issues relating to the two

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sides' large-scale works. The DD(SD) will be supported by two divisions each headed by a CE(D1). We further propose to create a new CE(D1) post, to be designated as the Chief Engineer/Special Duties (Coordination) (CE/SD(C)), to head a new Special Duties (Coordination) Division to assist the DD(SD) in the liaison, coordination, expenditure and programme control, and monitoring duties.

16. Staff required for the other division, Special Duties (Works) Division, will be redeployed from the existing Port Development Division in CED. This Division will plan and implement the projects associated with the HKD development, with regard to the planning, design and construction work. The Port Development Division was originally intended to plan and implement port-related projects in the port development programme. Because of the slow down of the demand for port facilities, we propose that this Division be redeployed to this new SDO to underpin DD(SD), with the CE (D1) post retitled as the Chief Engineer/Special Duties (Works) (CE/SD(W)). Upon redeployment, the duties regarding implementation of remaining port projects will be taken up by the other divisions of Port Branch of CED.

17. DCE has considered further redeployment of staff from the existing establishment, but found that all staff are fully committed and no further redeployment is feasible.

18. The existing and proposed organisational charts of CED and the duty lists of the PGE and CE posts are at Enclosures 4 to 8 respectively.

Encls. 4 - 8

Buildings Department

19. As the HKD project will involve a large number of complex structural submissions with unconventional designs, we plan to set up a special team in BD to undertake the additional responsibilities on a priority basis to meet the target completion date. We have carefully evaluated the need for additional resources and concluded that a CSE will only be needed for a short period of time when the workload of BD in relation to the HKD project will be at its peak. We therefore propose the creation of a CSE post for one year from 1 April 2001 to 31 March 2002.

20. The proposed CSE, to be designated as Chief Structural Engineer (International Theme Parks) (CSE/ITP), will be directly responsible to the Assistant Director of Buildings (Structural Engineering). He will lead the special team in evaluating and making recommendations on the acceptance of new concepts and principles on structural design parameters, processing submissions

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and applications made under the Buildings Ordinance, and vetting some 900 submissions on a priority basis for compliance with the building regulations. In addition, he will need to monitor the construction works and liaise with other Government departments as well as professionals appointed by HKD. The CSE will be the Building Authority's delegated signatory on structural submissions, and be the key person in a wide range of discussions with the Registered Structural Engineer, consultants and relevant parties on key structural issues. This officer must therefore be a highly experienced professional engineer well-versed in engineering principles, government policies and practices as well as having the imagination and flair to deal with unconventional and leading-edge engineering issues.

21. New design concepts and principles need extensive research and evaluation. These efforts cannot be absorbed by existing resources. Current resources in the department are also barely sufficient to meet the expected workload and extra resources are required to provide the standard of service required. Redeployment of existing staff or re-prioritising existing services will adversely affect the quality of services being provided.

22. The existing and proposed organisational charts of BD and the duty list of the CSE post are at Enclosures 9 to 11 respectively.

Encls. 9 - 11

Additional Non-directorate Posts

23. Given the complexity and multi-disciplinary nature of the project, we also need to create a number of non-directorate posts in ESB, CED and BD to support the proposed directorate posts and in other departments concerned to support senior officials so as to ensure timely completion of Government's undertakings. Members are invited to note that we plan to create a total of 45 non-directorate posts in ESB, CED, BD, Electrical and Mechanical Services Department, Fire Services Department, Highways Department, Lands Department and Planning Department over the next few years to implement the project. We will make provision for these posts in the Annual Estimates and create them in accordance with the normal procedures through the Departmental Establishment Committee mechanism.

FINANCIAL IMPLICATIONS

24. The total notional annual salary cost of the proposed posts at MID-POINT is -

/New

New Posts	\$	No. of posts
PGE	1,580,400	1
CE	1,213,200	1
AOSGC	1,443,000	1
CSE	1,213,200	<u>1</u>
Additional cost	5,449,800	<u><u>4</u></u>

The full annual average staff cost of the proposal, including salaries and staff on-costs, is \$9,119,904.

25. In addition, the proposal will necessitate the creation of 45 non-directorate posts at a notional annual mid-point salary cost of \$24,366,240 and a full annual average staff cost of \$40,571,208.

26. We have not included provision in the 1999 - 2000 Estimates to meet the cost of the proposal which is estimated at \$1,371,200 for the remainder of the financial year. If Members approve this proposal, we will provide supplementary provision required in 1999 - 2000 under delegated authority. Provisions required in subsequent years will be included in the Annual Estimates in the normal way.

BACKGROUND INFORMATION

27. On 2 November 1999, the Chief Executive announced that the Government and WD have agreed to proceed with the development of a Disney project in Hong Kong, comprising an international theme park, a resort hotel complex and a retail, dining and entertainment area. Members have been briefed on the key aspects of the project and the agreement at the various briefing sessions on 2, 3 and 5 November.

28. Upon creation of the proposed supernumerary directorate posts in ESB and CED, the three existing supernumerary directorate posts in ESB and CED created under delegated authority to assist with the negotiations will be deleted.

CIVIL SERVICE BUREAU COMMENTS

29. The Administration has considered carefully other alternatives including re-deployment bearing in mind the need for greater efficiency and effectiveness under the present economic climate. Having regard to the reasons put forward, we consider the proposal justified. The Civil Service Bureau considers

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the grading, ranking and duration of the proposed posts appropriate, having regard to the level and scope of responsibilities involved.

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

30. As the four directorate posts are proposed on a supernumerary basis, we shall report their creation, if approved, to the Standing Committee on Directorate Salaries and Conditions of Services in accordance with the agreed procedure.

Tourism Commission
Economic Services Bureau
November 1999

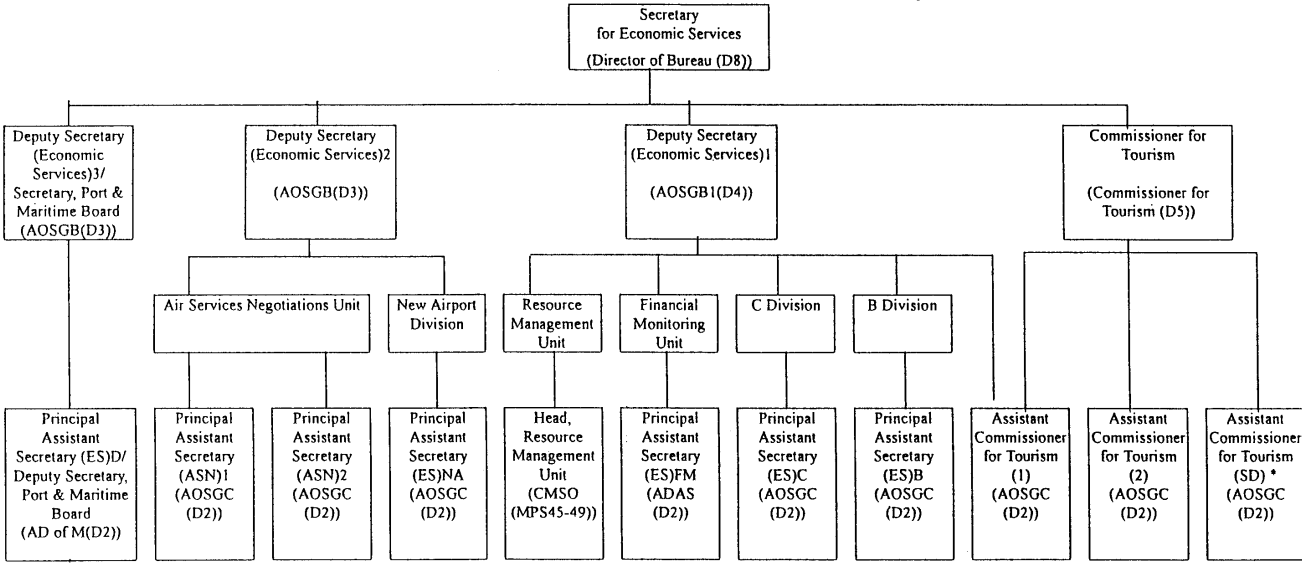
Job Description

- Post :** Assistant Commissioner for Tourism (3)
- Rank :** Administrative Officer Staff Grade C (D2)
- Responsible to :** Commissioner for Tourism

Duties and Responsibilities -

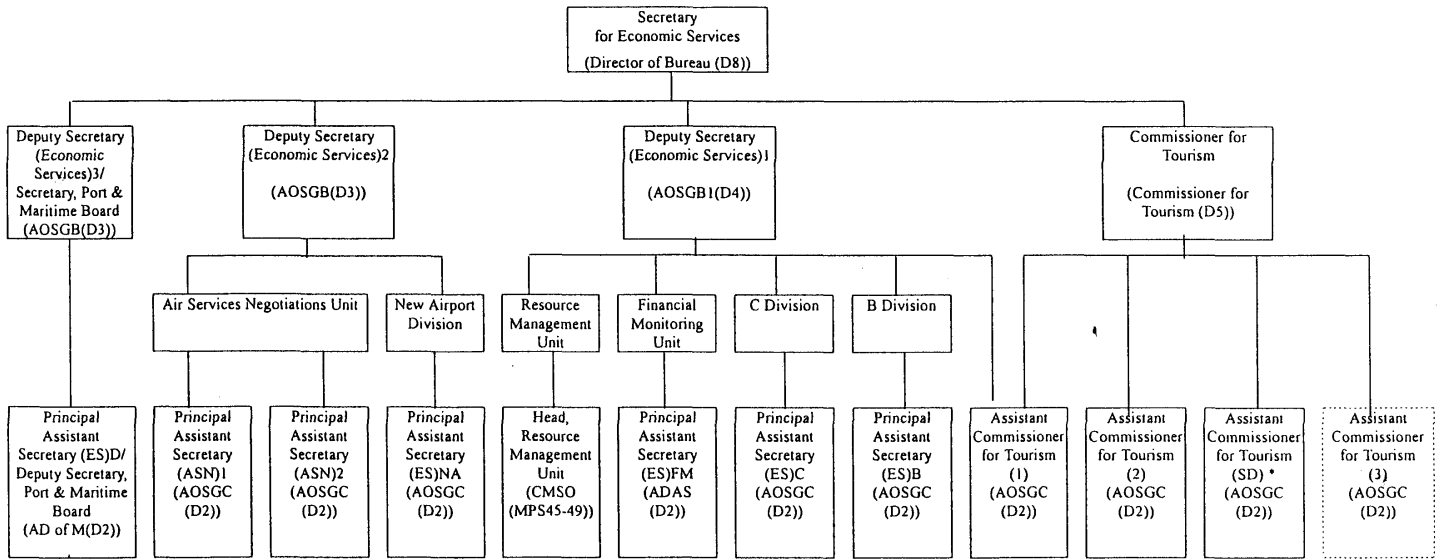
1. To lead a special unit, the International Theme Parks Division, within the Tourism Commission of the Economic Services Bureau to oversee and monitor the implementation of the Hong Kong Disneyland project.
2. To liaise closely with bureaux/departments to ensure timely completion of all Government's undertakings specified in the various legal documents signed with Disney.
3. To service a high-powered steering committee for the project to be chaired by the Financial Secretary, and other sub-committees.
4. To liaise closely with senior management of Disney to put in place the necessary institutional arrangements for the joint venture between the Government and Disney.
5. To ensure that Disney performs its undertakings as specified in the various legal documents so as to safeguard Government's investment in the project.
6. To prepare papers and briefs for the Chief Executive, Chief Secretary for Administration, Financial Secretary and other senior officials to report progress, highlight problem areas and recommend appropriate actions.

EXISTING ORGANIZATION CHART OF ECONOMIC SERVICES BUREAU



* Supernumerary Post

REVISED ORGANIZATION CHART OF ECONOMIC SERVICES BUREAU



* Supernumerary Post

⋮ New Post

Job Description

Post : Deputy Director (Special Duties)

Rank : Principal Government Engineer (D3)

Responsible to : Director of Civil Engineering

Duties and Responsibilities -

1. To supervise the work of the Special Duties Office which comprises the Special Duties (Coordination) Division and the Special Duties (Works) Division.
2. To maintain close liaison with senior directorate officers in Government and with senior managers in MTRC, theme park developer and their consultants, and public utility companies on all matters affecting the developments at Northeast Lantau, keeping them apprised of related problems and of progress in their resolution.
3. To establish and implement administrative procedures to expedite both temporary and permanent works to meet the target completion dates.
4. To ensure that government standards and procedures, as well as environmental and statutory requirements are complied with.
5. To oversee the preparation of development programmes, financial estimates and forecasts, and monitor expenditure on Northeast Lantau development projects undertaken by the department and other agencies.
6. To vet consultancy agreements and provide guidance to consultants and project teams during investigation, design and construction stages.
7. To monitor the progress of implementation of projects undertaken by the department and carry out the duties as the employer's representative in respect of construction contracts.
8. To manage human resources in the Special Duties Office to meet changing needs.
9. To attend steering groups and committee meetings.
10. To oversee the preparation of engineering conditions/technical schedules for private development.

Job Description

Post : Chief Engineer/Special Duties (Coordination)

Rank : Chief Engineer (D1)

Responsible to : Deputy Director (Special Duties)

Duties and Responsibilities -

1. To plan and supervise the work of the Special Duties (Coordination) Division.
2. To assist the Deputy Director (Special Duties) to maintain close liaison with all government departments and external parties involved in the developments at Northeast Lantau.
3. To intervene in problem areas and escalate issues which require the Deputy Director's involvement.
4. To monitor the progress of the works, providing guidance and initiating corrective actions where necessary to ensure timely completion of the projects.
5. To prepare financial estimates and forecasts, obtain funding approvals, monitor and control expenditure on projects undertaken by the department and other agencies.
6. To attend committee meetings within his sphere of activities.
7. To prepare engineering conditions/technical schedules for private development.

Job Description

Post : Chief Engineer/Special Duties (Works)

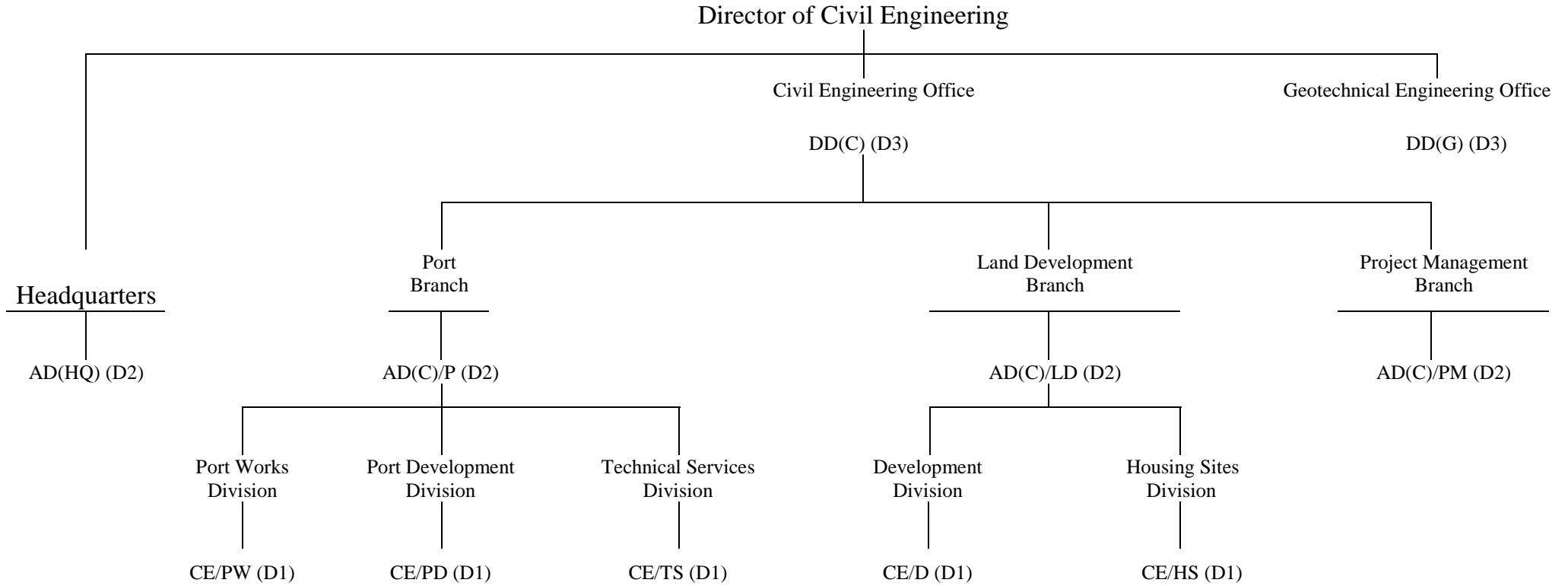
Rank : Chief Engineer (D1)

Responsible to : Deputy Director (Special Duties)

Duties and Responsibilities -

1. To supervise the work of the Special Duties (Works) Division.
2. To programme, investigate and plan projects relating to Northeast Lantau.
3. To obtain statutory approvals and clearance of land required for the works.
4. To prepare consultants' briefs, select and manage consultants, oversee their work and negotiate agreements with them.
5. To liaise with consulting engineers, public utility companies, statutory authorities and other government departments and their agencies on all aspects of the works, and obtain agreement and solve problems in connection with the construction projects.
6. To attend committee meetings within his sphere of activities.
7. To monitor the progress of the works, performance of the consultants, and provide guidance where necessary to ensure timely completion of the projects.

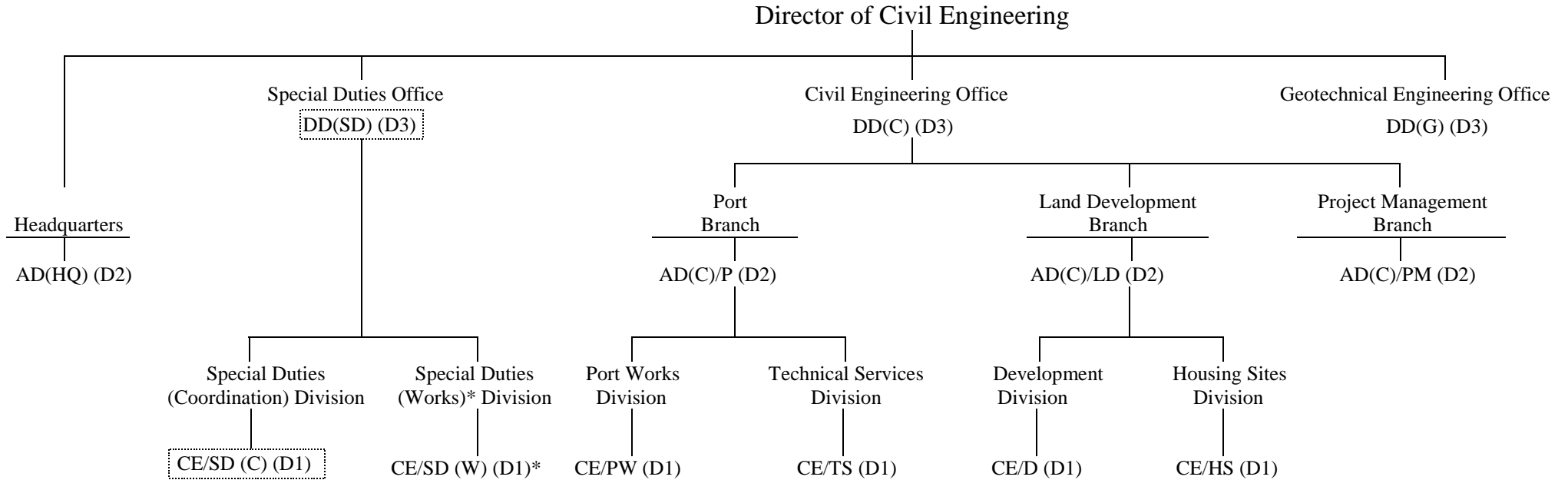
EXISTING ORGANISATION CHART OF CIVIL ENGINEERING DEPARTMENT



Legend

- DD(C) : Deputy Director (Civil) (D3)
- DD(G) : Deputy Director (Geotechnical) (D3)
- AD(HQ) : Assistant Director (Headquarters) (D2)
- AD(C)/LD : Assistant Director (Civil)/Land Development (D2)
- AD(C)/P : Assistant Director (Civil)/Port (D2)
- AD(C)/PM : Assistant Director (Civil)/Project Management (D2)
- CE : Chief Engineer (D1)

PROPOSED ORGANIZATION CHART OF CIVIL ENGINEERING DEPARTMENT



Legend

- DD(C) : Deputy Director (Civil) (D3)
- DD(G) : Deputy Director (Geotechnical) (D3)
- DD(SD) : Deputy Director (Special Duties) (D3)
- AD(HQ) : Assistant Director (Headquarters) (D2)
- AD(C)/LD : Assistant Director (Civil)/Land Development (D2)
- AD(C)/P : Assistant Director (Civil)/Port (D2)
- AD(C)/PM : Assistant Director (Civil)/Project Management (D2)
- CE : Chief Engineer (D1)

Supernumerary posts to be created
 * Post retitled

Job Description

Post : Chief Structural Engineer/International Theme Park

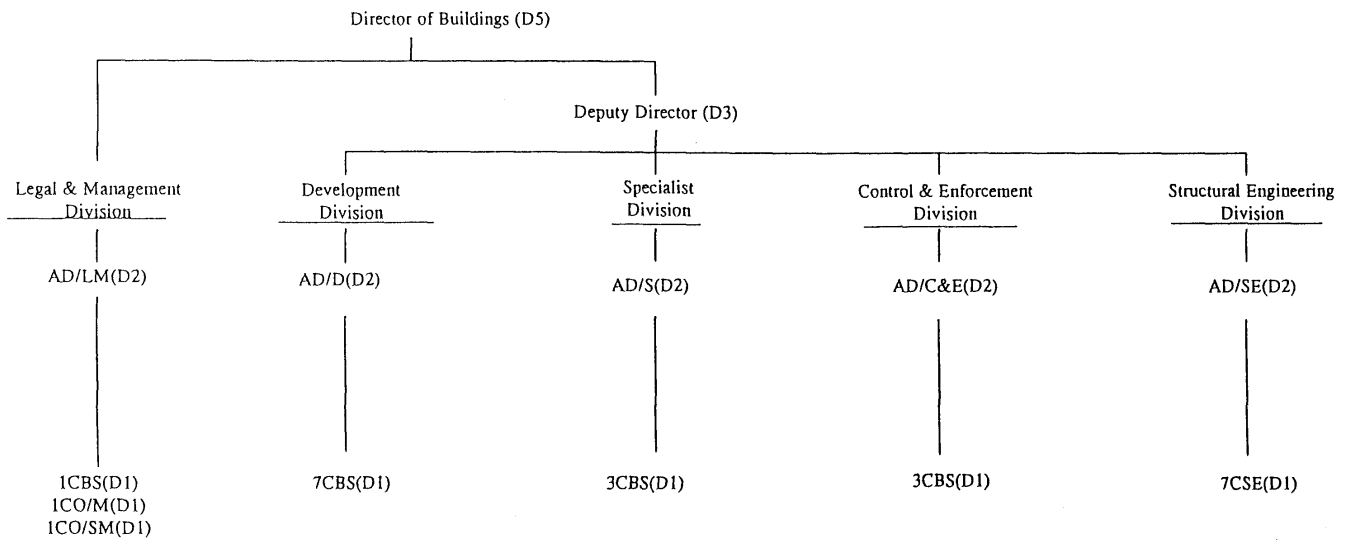
Rank : Chief Structural Engineer (CSE) (D1)

Responsible to : Assistant Director of Buildings (Structural Engineering)

Duties and Responsibilities -

1. To undertake day-to-day administration and management of the structural engineering team to ensure submissions of the Hong Kong Disneyland project are processed efficiently and expeditiously.
2. To hold meetings with Registered Structural Engineers to discuss the application of new engineering design concepts and principles to the project developments; to evaluate and make recommendations on the acceptance of such concepts and principles.
3. To assist Assistant Director/Structural Engineering to formulate policies on the structural engineering aspects of the project.
4. To consider and give approval to structural plans of the project developments submitted by Registered Structural Engineers under the Buildings Ordinance.
5. To closely liaise with concerned government bureaux/departments and public organisations with a view to facilitating the smooth progress of the project's building works.

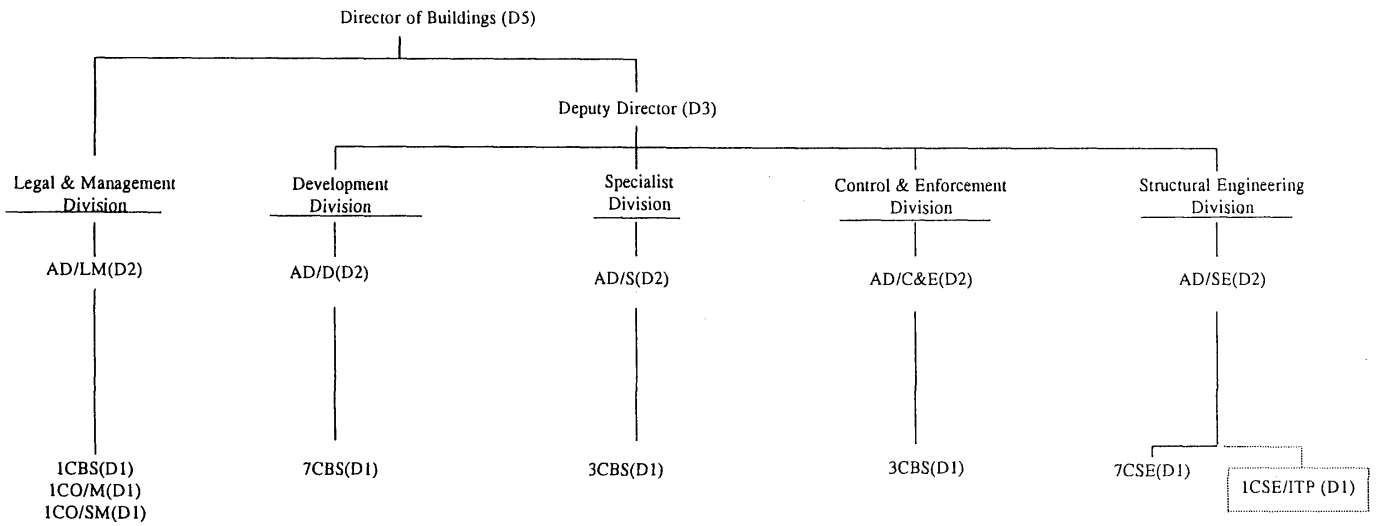
Existing Organization Chart of the Buildings Department



Legend

AD/D	Assistant Director/Development
AD/LM	Assistant Director/Legal and Management
AD/S	Assistant Director/Specialist
AD/C&E	Assistant Director/Control & Enforcement
AD/SE	Assistant Director/Structural Engineering
CSE	Chief Structural Engineer
CBS	Chief Building Surveyor
CO/M	Chief Officer/Management
CO/SM	Chief Officer/Site Monitoring

Proposed Organization Chart of the Buildings Department



Legend

- Proposed new post
- AD/D Assistant Director/Development
- AD/LM Assistant Director/Legal and Management
- AD/S Assistant Director/Specialist
- AD/C&E Assistant Director/Control & Enforcement
- AD/SE Assistant Director/Structural Engineering
- CSE Chief Structural Engineer
- CBS Chief Building Surveyor
- CO/M Chief Officer/Management
- CO/SM Chief Officer/Site Monitoring
- CSE/ITP Chief Structural Engineer/International Theme Park

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