

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 138 – GOVERNMENT SECRETARIAT : DEVELOPMENT BUREAU (PLANNING AND LANDS BRANCH)

Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the creation of the following supernumerary post in the Office of the Secretary for Development for a period of three years with effect from 1 July 2009 –

- 1 Administrative Officer Staff Grade B
(D3) (\$142,700 - \$151,200)

PROBLEM

The Secretary for Development (SDEV) needs dedicated support at the directorate level to facilitate land development projects initiated by the private sector and non-governmental organisations (NGOs) through the establishment of a Development Opportunities Office (DOO) as announced in the 2009-10 Budget Speech.

PROPOSAL

2. We propose to create one supernumerary post of Administrative Officer Staff Grade B (AOSGB) (D3) for a period of three years with effect from 1 July 2009 to head the DOO under the Development Bureau (DEVB) to facilitate land development projects undertaken by the private sector and NGOs. The Office aims to provide an effective platform for taking forward land development projects considered to be beneficial to society by offering one-stop co-ordinated advisory service.

/JUSTIFICATION

JUSTIFICATION

Facilitating Private Sector Developments

3. Works completed by the public sector only accounted for about 30% to 50% of overall construction output during the past ten years. 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 co-ordinating role would provide focused policy steer and stronger co-ordination between the relevant government bureaux and departments in the assessment of projects initiated by the private sector. 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

4. 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 main obstacles inhibiting development.

5. 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.

6. The DEVB is alive to the above concerns about getting private development projects through various government authorities and respective statutory processes and the uncertainties some prolonged and protracted processes may create for investment decisions. The same concerns may apply to development or redevelopment projects undertaken by NGOs. While individual bureaux and departments are naturally pre-occupied with their own mission and objectives and tend to comment on project proposals within their purview, the fact is developments increasingly require a more holistic approach and very often involve a fine balancing act with the best public interest in mind.

Establishment of the DOO

7. 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 through the DOO. The Office will consult other relevant bureaux and departments where the project has policy or practical implications beyond DEVB's purview. Where higher level and overall policy steer is required, DOO will also through SDEV escalate the matter to the Chief Secretary's Policy Committee.

8. 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, more than ten such proposals have been received seeking the Administration's assistance and advice.

9. We propose that projects going through the DOO should meet the following criteria –

- (a) the projects are proposed by proponents in possession of 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)

- (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 (elderly services, religious uses or sports), etc.

10. As mentioned by the Financial Secretary in the Budget Speech, the DOO will not replace the existing statutory procedures, public consultation and regulation. Land premium and fees, if applicable, must be paid in accordance with established government policies and generally in full.

11. 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 further promoting the development projects in these areas by offering one-stop co-ordinated advisory service.

12. In order to enhance transparency in the work of the DOO and to facilitate early community input, we propose to expand the role of the Land and Building Advisory Committee (LBAC)¹ to consider individual land development proposals processed by the DOO. There will be no room for partiality on the part of the DOO. The DOO will maximise 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 9(a) and (b).

Proposed Structure of the DOO

13. Since the work of the DOO does not entirely fall within the schedule of either the Permanent Secretary for Development (Planning and Lands) (PSPL) or Permanent Secretary for Development (Works) (PSW), it will be more

/appropriate

¹ The LBAC is an advisory committee advising the Government on policies and procedures in relation to planning, land and building matters. The LBAC is chaired by a non-official, and its membership comprises mainly non-officials. All non-officials are appointed on an ad personam basis, with some being nominations from related professional and trade organisations.

appropriate for the Office to be established in the Principal Official's Office (POO) so that it can seek steer from SDEV direct. Also, as the work of DOO cuts across planning, land and works matters, putting the new office under the direct steer of SDEV would facilitate its efficient and effective operations, particularly at the inception stage. The existing organisation chart of DEVB is at Enclosure 1.

Encl. 1

14. The DOO is proposed to be established for an initial 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 long-term 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.

15. To head this Office, we propose the creation of a supernumerary post of AOSGB (D3), designated as Head/DOO. 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. Head/DOO will be supported by five non-directorate staff on a full-time basis. We will recruit two Project Managers 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 on a need basis to complement the technical expertise within the DOO while keeping the Office small. The proposed organisation chart of DOO is at Enclosure 2.

Encl. 2

Operation of the DOO

16. The DOO will be tasked to provide one-stop co-ordinated advice to private sector as well as NGOs in respect of their land development proposals. Specifically, the DOO will be responsible for –

- (a) *performing the first-stop in receiving land development proposals*

The DOO will receive proposals and attend presentations to better understand the proposals and identify the policy and practical implications and the relevant bureaux and departments involved.

/(b)

(b) *liaising with bureaux and departments*

The DOO will gather and analyse the proposal against the latest information on government policies and statutory requirements and procedures with a view to providing comprehensive and co-ordinated advice to the project proponent. Specifically, this will involve –

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

(c) *servicing the reconstituted LBAC to be named the Land and Development Advisory Committee (LDAC)*

The DOO will be –

- (i) taking over the secretariat service to LDAC from the Lands Unit of DEVB;
- (ii) referring the development proposals received together with preliminary assessments with relevant bureaux' and departments' inputs 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 and the project proponent for consideration.

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

/Need

Need for Additional Directorate Support

18. We need dedicated support at a senior directorate level to deliver effective leadership for the DOO in discharging the full range of duties described above and to achieve effective co-operation between the various government bureaux and departments. We have critically examined whether the existing directorate officers at the appropriate level in the Planning and Lands Branch or Works Branch of the DEVB will have spare capacity to absorb the duties of the proposed post. PSPL and PSW are at present each underpinned by two Deputy Secretaries, ranked at D4 and D3 respectively. On the side of the Planning and Lands Branch, the Deputy Secretaries are already fully occupied with their own schedule of duties which span extensively across a wide range of areas, including the formulation of land supply and disposal and related policies, land use planning policy and strategy, review of the outline zoning plans, interdepartmental co-ordination on major development projects, policy on urban renewal and review of the Urban Renewal Strategy, policy and legislation in respect of the Urban Renewal Authority and building safety and timely maintenance, policy review on building maintenance, overseeing implementation of the “Operation Building Bright”, and review of sustainable and quality built environment, etc. Whereas on the side of the Works Branch, the Deputy Secretaries are heavily committed in the policy matters relating to heritage conservation, overall strategy and implementation on greening, administration of contract and consultancies, construction safety, environmental management, construction standards, slope safety, flood prevention, water supply as well as education, training and development of professionals in the construction industry. They also need to press ahead with implementation of the Public Works Programme with surging levels of capital works expenditure and planning for major infrastructural projects, including the Kai Tak Development and the Liantang/Heung Yuen Wai Boundary Control Point, etc. As all the Deputy Secretaries have been fully engaged in their existing workload, it is operationally not possible for them to take up in part or the whole range of duties of the Head/DOO without adversely affecting the discharge of their own duties.

19. In light of the importance and sensitivity of the work of the DOO, the complex and wide-ranging project proposals that the Office will handle, as well as the extent and level of liaison and negotiation within and outside the Government, we propose that the DOO be headed by an AOSGB (D3), who will have the necessary policy experience and strategic skills to play 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. Given that the post holder will have to play a liaison and co-ordinating role that would provide policy steer and stronger co-ordination between the relevant

/government

government bureaux and departments in the assessment of development projects, pitching the post at D3 level would reflect the level of responsibility of the post and the actual need for facilitating private sector investments and NGO projects. It also conveys a clear message to the private sector and NGOs that the Government is firmly committed to providing an effective platform to take forward construction projects considered to be beneficial to society.

20. We originally planned to create three supernumerary posts, namely one AOSGB (D3), one Administrative Officer Staff Grade C (AOSGC) (D2)/ Government Engineer (GE) (D2) and one GE, to strengthen our capability to handle matters relating to major infrastructural projects, which have been covered in ECI(2008-09)7 "Update on Overall Directorate Establishment Position" and ECI(2008-09)9 "Forecast of Proposed Creation/Deletion of Directorate Posts in the 2008-09 Legislative Session". Taking into account the latest operational requirement, we propose to create the supernumerary AOSGB post first, and for leading the DOO instead. We will absorb the increased workload arising from major infrastructural projects from within existing resources for the time being, but will monitor carefully the need for creating supernumerary posts to keep up the momentum of the projects.

Encl. 3 21. The proposed job description of the AOSGB post is at Enclosure 3.

FINANCIAL IMPLICATIONS

22. The proposed creation of the supernumerary AOSGB post will bring about an additional notional annual salary cost at mid-point of \$1,763,400. 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 Personal Secretary I are \$303,840 and \$424,000 respectively. As for the two contract Project Managers and the Executive Assistant, the annual salary including contract gratuity will be around \$2,295,000. We have included sufficient provision in the 2009-10 Estimates under DEVB to meet the cost of the proposal.

PUBLIC CONSULTATION

23. We briefed the Legislative Council Panel on Development on 28 April 2009 on the proposed creation of the supernumerary AOSGB post. Members supported the proposal in general. The concerns raised by a Member regarding the need to put the DOO under the POO have been addressed in paragraph 13 above. Some Members have also spoken in support of the DOO during the Budget Debate.

24. Stakeholders consulted also generally welcome the establishment of the DOO. The LBAC gave the proposal its unanimous support, and the Pre-construction Task Force of the Business Facilitation Advisory Committee and the Heung Yee Kuk also expressed positive views on the work of the DOO.

ESTABLISHMENT CHANGES

25. The establishment changes in PLB of DEVB for the last two years are as follows –

Establishment (Note)	Number of posts			
	Existing (as at 1 May 2009)	As at 1 April 2009	As at 1 April 2008	As at 1 April 2007
A	11 [#]	11	9	9
B	32	32	29	28
C	67	67	59	59
Total	110	110	97	96

Note:

- A - ranks in the directorate pay scale or equivalent
- B - non-directorate ranks, the maximum pay point of which is above MPS Point 33 or equivalent
- C - non-directorate ranks, the maximum pay point of which is at or below MPS Point 33 or equivalent
- # - As at 1 May 2009, there was no unfilled directorate post in PLB. The two new posts of AOSGC and Government Town Planner, created in April 2009 with the Finance Committee's approval for harbourfront enhancement and cross-boundary planning and development issues respectively, have been filled.

CIVIL SERVICE BUREAU COMMENTS

26. The Civil Service Bureau supports the proposed creation of a supernumerary AOSGB post for three years to head the DOO in facilitating land development projects initiated by the private sector and NGOs. The grading and ranking of the proposed post are considered appropriate having regard to the level and scope of the responsibilities.

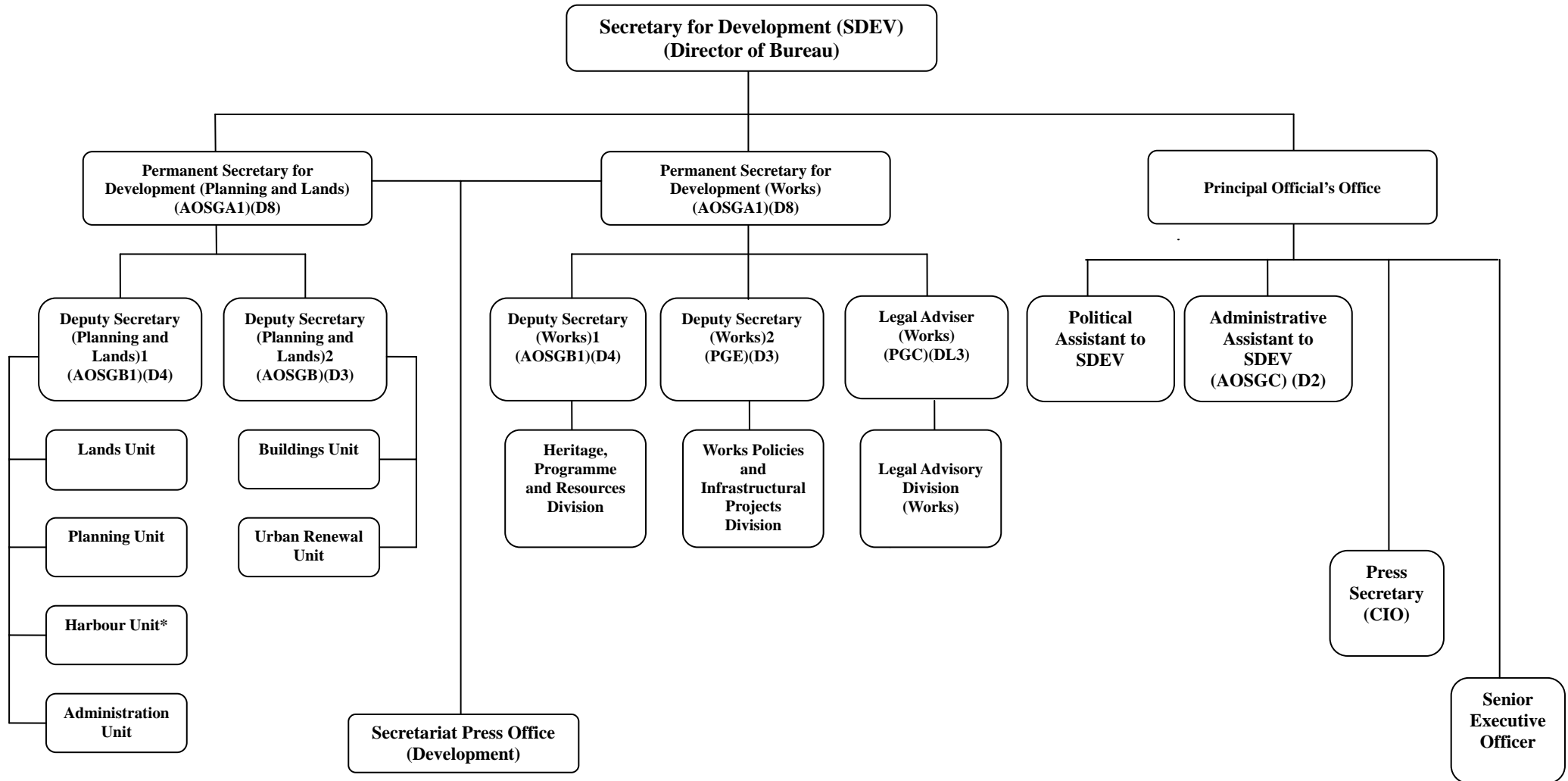
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ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

27. As the post is proposed on a supernumerary basis, its creation, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Development Bureau
May 2009

Existing Organisation Chart of the Development Bureau

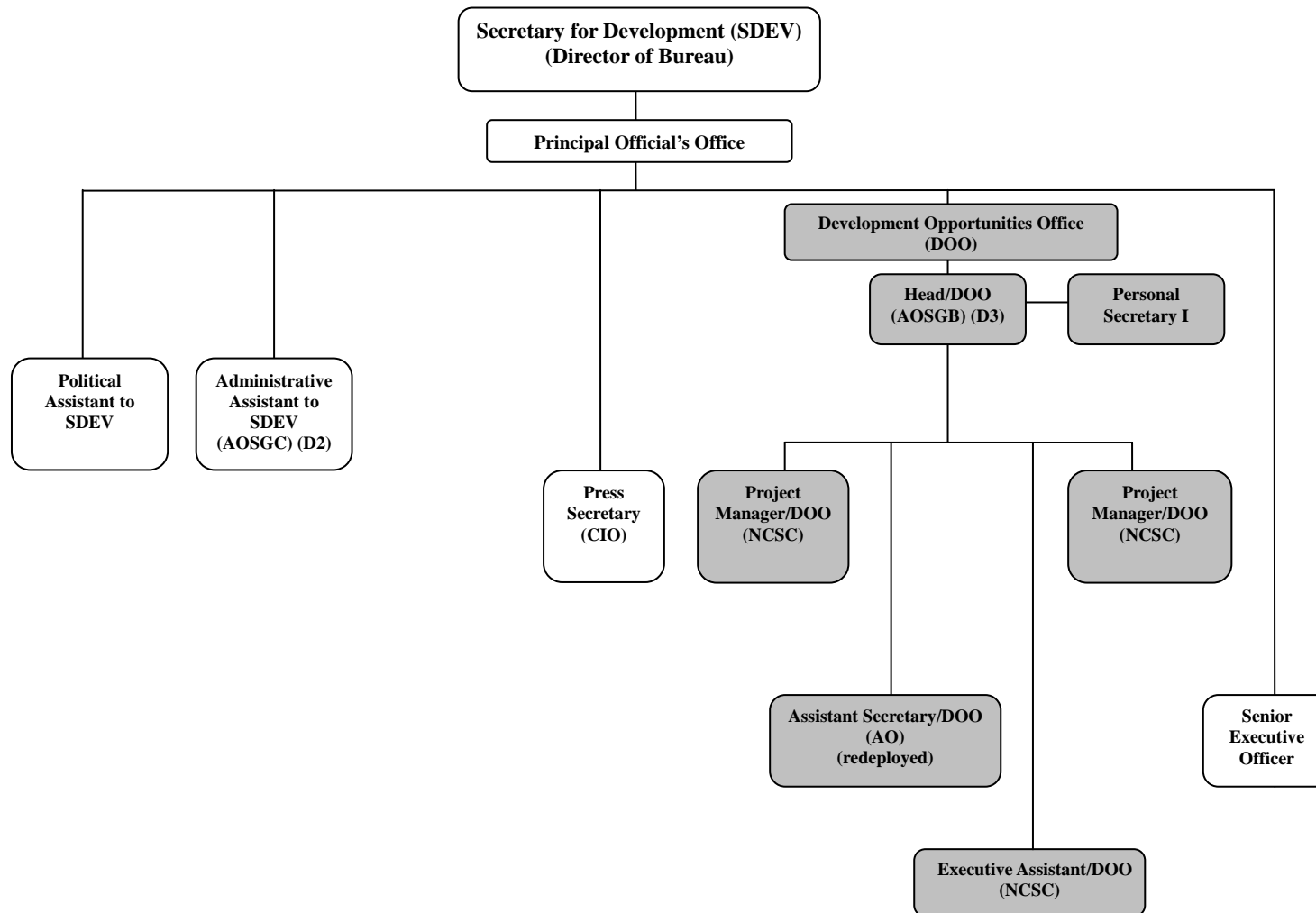


Legend


- AOSGA1 Administrative Officer Staff Grade A1
- AOSGB1 Administrative Officer Staff Grade B1
- AOSGB Administrative Officer Staff Grade B
- AOSGC Administrative Officer Staff Grade C
- CIO Chief Information Officer
- PGC Principal Government Counsel
- PGE Principal Government Engineer

*Note: The Harbour Unit, originally forming part of the Planning Unit, has been set up as a separate Unit to highlight its role in implementing policies on harbourfront enhancement initiatives. The responsibilities and work schedule of the Unit remain unchanged

Proposed Organisation Chart of the Development Opportunities Office in the Development Bureau



Legend

- | | | | |
|---|--------------------------------------|------|----------------------------------|
|  | Proposed DOO | AO | Administrative Officer |
| AOSGB | Administrative Officer Staff Grade B | CIO | Chief Information Officer |
| AOSGC | Administrative Officer Staff Grade C | NCSC | Non-civil service contract terms |

**Proposed Job Description of
Head of Development Opportunities Offices**

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 non-governmental organisation project proponents in light of existing government polices 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 Development Opportunities Office (DOO).
5. To manage DOO to ensure its efficient operation.
