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By email  
21 December 2018

Legislative Council Panel on Development  
Legislative Council Secretariat  
Legislative Council Complex  
Central, Hong Kong  
(Attn: Ms Doris LO)

Dear Ms LO,

**Legislative Council Panel on Development**

**Re: Upgrading the Project Cost Management Office**

I refer to the letter dated 5 December 2018 from Hon Tony TSE Wai-chuen to the Chairman of Panel on Development requesting us to provide supplementary information on LegCo paper no. CB(1)35/18-19(05).

Our reply to Hon TSE is hereby attached at Annex for reference.

Yours sincerely,

(Original Signed)

(YIP Ka-chun, Gary)  
for Secretary for Development



project management for the construction professionals of various grades within the Government. In addition, we have collaborated with works departments to establish Reference Class Forecasting and the Civil Engineering Works Tender Price Index for public works projects to enhance cost estimation performance.

2. (I) As announced in the 2018 Policy Address, the Government will upgrade the PCMO and expand its establishment and functions for implementing strategic initiatives and enhancing capabilities in cost surveillance and project governance. We will adopt a comprehensive approach to strengthen cost management and uplift the performance of public works projects. The major new initiatives are:

- (a) strengthening the existing gateway process for cost management;
- (b) enhancing project delivery capability;
- (c) leading strategic developments to enhance cost-effectiveness; and
- (d) enhancing collaboration with international counterparts and local industry stakeholders.

Based on the experience of the existing PCMO, the expertise and experience of the directorate officers of PCMO in project design, construction methods and project management etc. are of paramount importance. The extensive and in-depth professional knowledge and experience of the directorate officers in leadership, implementation and governance of public works projects are the pre-requisites for leading the Project Strategy and Governance Office (PSGO) in taking forward the above new initiatives. The directorate officers' effective mastering and managing of Capital Works Programme and the overall situation of construction industry are also indispensable for providing professional, strategic and holistic steer for their multi-disciplinary professional teams. The professional discipline of engineers covers the whole life-cycle of projects by various types from their inception, planning and design, construction up to operation, we therefore consider it more appropriate for a Principal Government Engineer to take up the proposed post of Head of PSGO (H/PSGO) (D3).

The proposed Government Engineer (GE) (D2) post will assist the H/PSGO in leading a multi-disciplinary professional team to implement various strategic initiatives, including the establishment and management of the Centre of Excellence for Major Project Leaders, enhancement of project capabilities, review of the standards and requirements of public works, steering and co-ordination of research and development efforts, collaboration with international counterparts and local industry stakeholders, as well as formulation and promotion of major strategies such as Construction 2.0 and the Modular Integrated Construction to enhance project cost-effectiveness and productivity. The extensive and in-depth professional knowledge and experience in leadership, implementation and governance of public works projects and the effective management of capital works projects throughout the whole life-cycle from their inception, planning and design, construction up to operation are indispensable for performing the above tasks. Therefore, we consider it more appropriate for a GE to take up the proposed post.

The main duties of the existing Chief Assistant Secretary (Works)1 (CAS(W)1) post are to oversee the implementation of cost control and cost reduction measures in capital works projects, and assist in vetting the technical feasibility of proposed capital works projects, which has a direct bearing on project costs. These duties require ample knowledge and practical experience in project management and cost management which are more relevant to the Engineer grade. In light of these duties, the Finance Committee approved the regrading of the CAS(W)1 post to a single-disciplinary post (Chief Engineer) in June 2016.

On the other hand, the proposed PSGO will continue to deploy a multi-disciplinary team comprising grades of engineer, architect and quantity surveyor to provide support for the directorate officers. Thus, it will not come to a situation where certain types of works will be overlooked.

2. (III) The PSGO will retain the existing permanent professional staff, comprising grades of engineer, architect and quantity surveyor, of the PCMO. We are also planning to bring in more professionals of various disciplines to the PSGO, so that it can cope with the diversified and multi-disciplinary nature of public works nowadays. For example, we have noticed that most public works projects, including civil engineering or building works, involve design and construction of both geotechnical and foundation works.

Therefore, we are considering whether it is necessary to bring in geotechnical engineers, structural engineers, etc. to our multi-disciplinary team.

2. (IV) With respect to the increasing diversity and multi-disciplinary nature of public works nowadays, PCMO has deployed a multi-disciplinary team to scrutinise civil engineering and building projects so that professionals of different disciplines can make use of their respective expertise and experience to provide analysis from wide and multiple perspectives and holistic professional recommendations on the design and construction issues of each project. This approach can create maximum synergy of the teamwork. Therefore, the proposed PSGO will adopt the same approach in the project scrutiny.
3. The existing policy requirements and control on works basically do not vary across different types of works including civil engineering or building. In general, the policy bureaux and departments of the government are responsible for overseeing the implementation of public works projects in accordance with relevant guidelines and requirements. The Buildings Department<sup>2</sup> is the authority exercising control on the projects on leased land implemented by the Mass Transit Railway Corporation Limited (MTRCL) and the Airport Authority Hong Kong (AAHK). The projects of the Housing Authority are supervised by the Housing Department.

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<sup>2</sup> The Building Authority (i.e. the Director of Buildings) may, having regard to the exceptional nature of building works connected with the construction or operation of railways and the Airport, exempt those works from the provisions of the Buildings Ordinance (Cap. 123) (BO) under the mechanisms specified in the Mass Transit Railway Ordinance (Cap. 556) and the Airport Authority Ordinance (Cap. 483) respectively. Currently, the exemption by the Buildings Department is only confined to the administrative procedures of building works, such as the approval of drawings and the issue of works permits and occupation permits. In this connection, the MTRCL and the AAHK shall establish project management plans for relevant works and implement an assurance system and control scheme for the projects to ensure that the management of construction works are at a standard not inferior to that required under the BO. Also, the Buildings Department shall be consulted regarding specified types of building works.