

政府總部
發展局
規劃地政科
香港花園道美利大廈



CB(1)1668/10-11(09)
Planning and Lands Branch
Development Bureau
Government Secretariat
Murray Building, Garden Road
Hong Kong

本局檔號 Our Ref. L/M(636) to DEVB(PL-B) 75/03/10 電話 Tel.: 2848 6041
來函檔號 Your Ref. CB4/DC/KT/09 傳真 Fax : 2899 2916

22 February 2011

Secretary General,
Legislative Council Secretariat,
Legislative Council Building,
8 Jackson Road,
Central, Hong Kong
Ms Shirley HAU

Dear Ms HAU,

**Meeting held between Legislative Council Members and
Kwun Tong District Council Members on 13 May 2010**

**Issues Arising from Appointment of Consultant Companies
under the Operation Building Bright**

Thank you for your letter to the Secretary for Development dated 21 January 2011. I am authorized to reply on her behalf.

- (a) Since the launch of the Operation Building Bright (the Operation), the Hong Kong Housing Society (HKHS), Urban Renewal Authority (URA) and Buildings Department (BD) have been liaising closely with the Independent Commission Against Corruption (ICAC) in formulating application procedures and modus operandi to ensure that the stakeholders concerned adopt proper procedures and safeguard measures to prevent corruption and other malpractices under the Operation.

The HKHS and URA have, in consultation with the ICAC, formulated and issued the "Operation Building Bright Maintenance Guidelines"

to owners' corporations (OCs), consultants and contractors, stipulating the requirements and procedures for appointment, selection and management of consultants and contractors, anti-bribery and anti-collusion practices, as well as the detailed roles and duties of the parties involved in the repair works under the Operation, including requiring the authorised persons (APs) and their respective consultant companies to sign the "Confirmation Letter to Comply with Probity and Anti-Collusion Clauses" and the "Declaration Form to Comply with the Ethical Commitments Requirements".

To uphold the principle of fair, impartial and open tendering, OCs joining the Operation are required to appoint consultants and contractors by way of open tenders. Besides, after invitation of tenderers is advertised in the newspapers, OCs are required to select by random computer ballot at the HKHS' Property Management Advisory Centre a certain number of APs and registered general building contractors (RGBCs) from the list of APs and RGBCs who have expressed interest in carrying out building repair works and invite them in writing to participate in tendering, so as to enhance fairness and competitiveness of the tendering exercise.

To further assist OCs to establish the major selection criteria for consultant companies based on a wide variety of relevant considerations, the "Operation Building Bright Maintenance Guidelines" require that consultant companies submitting a tender should provide adequate information to the OCs, including the number of repair projects being undertaken by the consultant and its AP, the resources to be allocated to the OC's works contract by the consultant as well as the particulars of different ranks of personnel who will participate in the works at different stages and the costs involved, so that the OC can consider in a more comprehensive manner whether the overall tender submitted by the consultant is reasonable. The HKHS and URA will arrange staff to attend OCs' meetings, provide objective advice on tendering arrangement and analysis of tenders from the perspective of an independent third party to the OCs, and remind them of the matters requiring attention so as to facilitate their selection of consultants.

The HKHS and URA have also appointed independent professional consultants to carry out the relevant monitoring work, including providing technical support and offering advice to the OCs where

necessary, inspecting the progress of repair works for target buildings as well as scrutinizing the documents and progress reports submitted by consultants and contractors appointed by the OCs, with a view to monitoring their compliance with the requirements of the Operation.

To promote anti-corruption practice in carrying out repair works under the Operation, the ICAC has assisted the HKHS and URA in organising seminars on anti-corruption for OCs, consultants and contractors. To further prevent corruption or malpractice, the HKHS, URA and ICAC have formulated procedures to step up inspection of the repair works for target buildings. Representatives of the ICAC will also participate in the inspection work as an observer.

If irregularities involving the consultants appointed by the OCs are noted, the HKHS and URA will demand rectifications from the parties concerned and remind the OCs to pay attention to and follow up the matters in accordance with their agreed service contracts with the consultants, which include considering to terminate the service contracts with the consultants. As at the end of December 2010, the HKHS and URA issued warning letters or reminders to a total of 35 cases of suspected non-compliance with the requirements of the Operation, requesting the persons concerned to rectify the irregularities. The irregularities include cases suspected of failing to comply with the requirements set out in the "Operation Building Bright Maintenance Guidelines" or breaching the conditions of relevant professional services, cases suspected of contravening the Building Management Ordinance (Cap. 344) or the requirements set out in the code for procurement of supplies, goods and services, as well as cases suspected of unreasonable estimation of the costs of works and tender prices. Among the cases mentioned above, 14 have been referred to the ICAC for information or follow-up action. In addition, 18 OCs have decided to terminate their contracts with the consultant companies which have committed irregularities and re-appointed new ones to proceed with their repair works. As the consultant companies are directly appointed by the OCs, it is difficult for the HKHS and URA to provide a direct and comprehensive evaluation of the performance of the consultants. As such, the idea of establishing a black-list of consultant companies is practically difficult.

- (b) The HKHS and URA will continue to provide one-stop technical support to help OCs to carry out repair works under the Operation. The two organisations will assign staff to provide advice and assistance to the OCs in co-ordination of building repair works, including procedures for appointment of consultants, monitoring of progress of works, application for grants under the Operation, prevention of corruption and fraud, etc.

The HKHS and URA will organise briefings and seminars for OCs with a view to explaining to them the procedures for carrying out building repair works. As mentioned in the reply in (a) above, the "Operation Building Bright Maintenance Guidelines" compiled by the two organisations can provide guidance to OCs on management of building repair works and appointment of consultants and contractors. In order to enable OCs to have a better understanding of the requirements of the Operation and to remind them of matters requiring attention in appointing consultants and repair contractors, staff of the HKHS and URA will liaise with the OCs and attend their meetings regularly and provide advice and relevant information or statistics to the OCs so that they can consider selection of consultants and contractors in a more comprehensive manner.


- (c) We have received views from the Legislative Council and District Council Members that the Operation should also consider assisting old and dilapidated buildings with a large number of residential units (more than 400 units). Taking into account these views, we have dispensed with the criterion of "no more than 400 residential units" in the second round of the Operation so that all eligible old and dilapidated buildings, irrespective of their numbers of residential units, may apply for joining the Operation.

In the list of buildings nominated by the Kwun Tong District Council in the first round of the Operation, there was one building which did not meet the criterion of "no more than 400 residential units" and was not accepted as a target building. The OC of this building is now applying for participating as a Category 1 target building in the second round of the Operation.

- (d) Since the launch of the Operation, the HKHS and URA have been closely monitoring the tender prices of repair works in respect of the applications. Apart from providing sufficient time to the OCs/owners

for preparation and assisting them to arrange repair works, the HKHS and URA also take into account the availability of building professionals and contractors in the market and suitably arrange the OCs/owners to carry out building repair works in batches so as to minimize the impact of the repair works on project costs. In the second round of the Operation, the deadline for commencing repair works by the OCs with approvals-in-principle granted will also be extended. As for Category 2 target buildings which require the BD to arrange repair works, the Department has been evenly arranging commencement of repair works each month. Such arrangement would also help reduce the impact of repair works on material and labour costs, etc.

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized 'C' and 'H' followed by a circle and a horizontal line.

(C H Ho)

for Secretary for Development

c.c.

Buildings Department
The Hong Kong Housing Society
The Urban Renewal Authority

(Attention: Mr Paul TC Pang)
(Attention: Mr Sanford Poon)
(Attention: Mr Lawrence Tang)