

**For discussion
on 11 June 2012**

**LEGISLATIVE COUNCIL
PANEL ON DEVELOPMENT**

SUBCOMMITTEE ON BUILDING SAFETY AND RELATED ISSUES

Operation Building Bright – Progress and Update

PURPOSE

This paper informs Members of the latest progress of the implementation of “Operation Building Bright” (the Operation).

BACKGROUND

The Operation

2. As a special measure for preserving jobs amidst the 2008 financial tsunami, the Government, in collaboration with the Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA), launched the Operation to provide subsidies and one-stop technical assistance to help owners of old and dilapidated buildings to carry out repair and maintenance works. The one-off Operation aims to achieve the dual objectives of creating more job opportunities for the construction sector amidst the financial tsunami as well as improving safety and maintenance of old buildings and the cityscape.

3. The Operation caters for the following two categories of target buildings, subject to meeting the prescribed eligibility criteria –

- (a) Category 1 covers buildings with owners’ corporations (OCs). OCs of eligible buildings may apply for joining the Operation to carry out repair works on a voluntary basis.
- (b) Category 2 covers buildings whose owners have difficulties in co-ordinating repair works, such as buildings without OCs. Depending on the circumstances, the Buildings Department (BD) will issue statutory repair orders to such buildings to effect the necessary repair works. If the owners of the buildings are

unwilling or unable to conduct repair works by themselves, BD will arrange consultants and contractors to carry out the works for the owners in default. However, if the owners or OCs of the buildings are willing to organise repair works voluntarily, they could follow the approach for Category 1 target buildings to carry out repair works.

4. The Operation was formally launched on 7 May 2009. Two rounds of applications were invited from OCs to participate as Category 1 target buildings. The first round of applications was invited between May and June 2009 and the second round between October and December 2010. The Operation was well received by the public as revealed from the overwhelming response to the scheme by OCs in submitting applications.

Funding of the Operation

5. The original funding of the Operation was \$1 billion of which \$700 million was contributed by the Government while HKHS and URA each contributed \$150 million. On 24 April 2009, the Finance Committee (FC) of the Legislative Council (LegCo) approved a funding allocation of \$700 million for the Government's contribution to the Operation. Subsequently, FC had approved further allocation of funding to the Operation for three times, thus increasing the total Government funding for the Operation to \$3.2 billion. The resultant total funding of the Operation has become \$3.5 billion.

Targets of the Operation

6. With a total budget of \$3.5 billion, we anticipate that the Operation could in total assist over 3,100 target buildings and create more than 60,000 job opportunities for construction and maintenance workers as well as related professionals and technicians. Financial assistance will be available to all the eligible applicants of the first and second rounds of the Operation.

PROGRESS TO DATE

Category 1 Target Buildings

7. In the first round of applications, a total of 1,128 applications had been received, among which 927 applications involving a total of 1,076 buildings met the eligibility criteria and the applicants had not withdrawn the applications. All of them have been granted with "approvals-in-principle" (AIPs) and are at different stages of execution of repair works. Up to 30 April 2012, 425 of the Category 1 target buildings had

been undertaking repair works and the repair works of another 343 buildings had been generally completed. For the remaining 308 buildings with AIPs granted, works will commence upon completion of the necessary procurement procedures in selection and appointment of authorised persons and contractors.

8. In the second round of applications, a total of 550 applications had been received, among which 448 applications involving a total of 677 buildings met the eligibility criteria and the applicants had not withdrawn the applications. Up to 30 April 2012, all of them had been granted with AIPs. Of these buildings, 29 had been undertaking repair works and the repair works of another three buildings had been generally completed. For the remaining 645 buildings with AIPs granted, works will commence upon completion of the necessary procurement procedures in selection and appointment of authorised persons and contractors.

Category 2 Target Buildings

9. Up to 30 April 2012, 1,398 buildings had been selected as Category 2 target buildings. Most of them are old and dilapidated buildings with defaulted statutory orders; or buildings nominated earlier by LegCo and District Council Members.

10. The owners or OCs of 218 Category 2 target buildings are willing to organise repair works themselves. The number of buildings with AIPs granted was 174, amongst which 28 buildings were undertaking repair works, and works of another 56 buildings had been generally completed. For the other 90 buildings with AIPs granted, works will also commence upon completion of the necessary procurement procedures.

11. Amongst those Category 2 target buildings where the owners or OCs are not capable of organising repair works by themselves and need BD to arrange the repair works, as at 30 April 2012, 315 buildings had been undertaking repair works, and works of another 387 buildings had been generally completed. For the remaining 478 Category 2 target buildings, BD are arranging repair works or consulting the owners on whether they will carry out repair works for their buildings voluntarily.

Summary of Progress

12. In summary, up to 30 April 2012, a total of 3,151 target buildings were included for assistance under the Operation. Among these, 789 buildings had completed repair works; 797 buildings had repair works underway; and works for another 1,043 buildings with AIPs granted would commence upon completion of the procurement procedures. A summary of

the relevant statistics of the Operation is set out at the **Annex**. Based on the latest estimation, after completion of repair works for all of the above 3,151 buildings, there will be around \$400 million of uncommitted funds available out of the \$3.5 billion for further deployment to assist some more Category 2 target buildings to carry out repair works. In this connection, the Steering Committee of the Operation will continue to select suitable buildings as Category 2 target buildings and the owners concerned will be provided with grants under the Operation accordingly.

ACHIEVEMENT OF THE OPERATION

13. While the Operation was originally targeted at creating job opportunities and helping owners of old and dilapidated buildings to carry out repair and maintenance works so as to improve building safety and the cityscape, there are also other benefits that the Operation has brought about.

Enhancement in Building Safety and Cityscape

14. Through the Operation, we can assist over 3,100 buildings aged over 30 years to carry out repair and maintenance works and hence enhance the safety of the buildings. In addition, the façade of most of the target buildings has been improved through repair and replacement of the damaged finishes of external walls or repainting of external walls. The Operation has helped to improve not only the conditions of dilapidated buildings, but also the cityscape.

Job Creation

15. The Operation has been effective in creating job opportunities for the construction sector. Up to 30 April 2012, it had created around 30,500 job opportunities. On average, each target building can generate about 20 job opportunities for building professionals, contractors, technicians, workers, etc. Since the launch of the Operation on 7 May 2009, the employment situation of the construction sector has been gradually improving. The overall improvement in employment situation is attributable to the general improvement in economic situation as well as the creation of additional job opportunities under the Operation. According to the statistics released by the Census and Statistics Department, comparing the quarterly periods of February-April 2009 (revised) with February-April 2012 (provisional), the unemployment rate of the construction sector decreased from 12.8% to 6.2%, and the unemployment rate in the decoration, repair and maintenance for buildings sub-sector decreased from 21.7% to 9.7% during the same period.

Nurture of Culture of Timely Maintenance & Repair of Buildings

16. HKHS and URA have been providing one-stop technical assistance to help owners carry out repair works under the Operation. The two organisations have assigned staff to each participating building to provide technical advice and assistance on coordination of repair works. OCs have also been provided with maintenance guidelines under the Operation to facilitate their organisation of repair works. Through the Operation, owners and OCs have become more aware of the importance of timely maintenance and repair of their buildings. They have also acquired the knowledge and experience in coordinating building maintenance and repair works. Implementation of the Operation has helped to nurture a culture of timely maintenance and repair of buildings.

Mode of Best Practices

17. Since the launch of the Operation in May 2009, HKHS, URA and BD have been working closely with the Independent Commission Against Corruption (ICAC) in formulating the application procedures and modus operandi to ensure that proper procedures and safeguards are adopted to prevent corruption and other malpractices in implementation of the Operation. HKHS and URA will continue to provide one-stop technical assistance to help owners carry out repair works under the Operation. OCs and co-owners will continue to be required to follow the guidelines promulgated by HKHS and URA in consultation with the ICAC as well as best practices in tendering and other building maintenance/repair works procedures. HKHS, URA and BD, in collaboration with other government departments, e.g. the Labour Department and Environmental Protection Department, will continue to work closely with the building professionals and contractors in promoting work safety and other best practices in building repair works, and maximise their synergy for ensuring the smooth implementation of the Operation. We will also continue to adopt measures to prevent corruption and malpractices in implementation of the Operation.

Facilitation of Future Building Safety Programmes

18. Albeit a one-off programme, the Operation has established a good foundation to facilitate the implementation of major building safety programmes in the future, including the Mandatory Building Inspection Scheme (MBIS) and Mandatory Window Inspection Scheme (MWIS), by clearing up many outstanding defaulted statutory orders and putting this difficult group of buildings in good repairs. The Operation has enabled many owners to acquire the necessary knowledge, skills and experience for future building maintenance. Through the implementation of the Operation, BD, HKHS and URA have also further consolidated their partnership in promoting building safety. With BD focusing on its statutory role on

enforcement actions, and HKHS and URA on the provision of practical advice and technical support, the three organisations have created much synergy in taking forward their shared goal of improving building safety in Hong Kong. In this connection, HKHS and URA are arranging to conduct a survey to collate feedback from stakeholders regarding the implementation of the Operation. Through consolidating the experience in running the Operation, the Government and our partner organisations will continue to refine our roles, modus operandi and procedures in implementing the future building safety programmes.

THE WAY FORWARD

19. Building owners have the ultimate responsibility over the maintenance of their building. The Operation as a special one-off programme has made substantial achievements in helping the owners of old buildings to maintain their buildings. While we have no plan to extend the programme or inject further funds into the scheme upon its completion at a total commitment of \$3.5 billion, the Government will continue to promote building safety through the multi-pronged package of measures which include legislation, enforcement, implementation of various technical and financial assistance schemes to help those in need, and publicity and public education as set out in the paper submitted to this Subcommittee (LC Paper No.: CB(1)681/10-11(01)). HKHS, URA and BD will continue to render technical and financial support to building owners to enhance building repair and maintenance works through their other existing assistance schemes, including the “Integrated Building Maintenance Assistance Scheme”, “Building Maintenance Grant Scheme for Elderly Owners” and “Comprehensive Building Safety Improvement Loan Scheme”, etc.

ADVICE SOUGHT

20. Members are invited to note the latest progress of the Operation.

Development Bureau
June 2012

**Summary of Statistics of Operation Building Bright
(Up to 30 April 2012)**

	First Round	Second Round	Total
Category 1 Target Buildings			
Number of applications	1 128	550	1 678
Number of eligible applications	927	448	1 375
Number of eligible applications granted with approvals-in-principle (AIPs)	927	448	1 375
Number of buildings granted with AIPs, including -	1 076	677	1 753
(i) Number of buildings undertaking repair works	425	29	454
(ii) Number of buildings with repair works completed	343	3	346
(iii) Number of buildings with AIPs but repair works yet to be commenced	308	645	953
Number of buildings with AIPs yet to be granted	0	0	0

	First Round	Second Round	Total
Category 2 Target Buildings			
Number of target buildings selected	671	727	1 398
<i>Repair works conducted by the Buildings Department</i>			
Number of buildings undertaking repair works	110	205	315
Number of buildings with repair works completed	350	37	387
Number of buildings where BD are arranging repair works or consulting the owners on whether they will carry out repair works voluntarily	45	433	478
<i>Repair works conducted by owners</i>			
Number of buildings	166	52	218
Number of buildings granted with AIPs, including –	146	28	174
(i) Number of buildings undertaking repair works	27	1	28
(ii) Number of buildings with repair works completed	56	0	56
(iii) Number of buildings with AIPs but repair works yet to be commenced	63	27	90

Summary	
Total number of Category 1 and Category 2 target buildings	3 151
Total number of Category 1 and Category 2 target buildings with repair works completed	789
Total number of Category 1 and Category 2 target buildings undertaking repair works	797
Total number of Category 1 and Category 2 target buildings granted with AIPs but repair works yet to be commenced	1 043
Total number of Category 1 target buildings with AIPs yet to be granted	0
Number of buildings where BD are arranging repair works or consulting the owners on whether they will carry out repair works voluntarily	478
Total number of job opportunities created	Around 30 500