

**For information on  
24 January 2015**

**LEGISLATIVE COUNCIL  
PANEL ON HOME AFFAIRS**

**Safeguard Measures for Prevention of Corruption and Malpractices  
in Building Repair and Maintenance Works**

**PURPOSE**

At the meeting of the Legislative Council Panel of Home Affairs (HA Panel) held on 17 November 2014, Members requested the Administration to provide detailed information on safeguard measures for prevention of corruption and malpractices, in particular bid-rigging, in building repair and maintenance works. This paper briefs Members of the relevant safeguard measures.

**BACKGROUND**

2. The Government is very concerned about crimes involving building maintenance works. Relevant departments and organisations, including the Independent Commission Against Corruption (ICAC), the Hong Kong Police Force (HKPF), the Home Affairs Department (HAD), the Buildings Department (BD), the Urban Renewal Authority (URA) and the Hong Kong Housing Society (HKHS), have been working closely together in adopting a multi-pronged approach through proactive measures such as publicity and education, procedural enhancement, provision of better support for owners' corporations (OCs) and owners as well as active investigation and enforcement actions to prevent unlawful activities in the course of building maintenance works. Details are set out in the ensuing paragraphs.

**SAFEGUARD MEASURES**

Operation Building Bright (OBB) and Integrated Building Maintenance Assistance Scheme (IBMAS)

3. Launched in May 2009, OBB is a special operation to promote

building rehabilitation and also an initiative to create employment opportunities. It involves a total subsidy of HK\$3.5 billion and is helping owners of about 3 100 buildings aged 30 years or over to carry out repair works. The HKHS and the URA in collaboration with the BD are responsible for the implementation of the scheme. Separately, the HKHS and URA have consolidated their building maintenance assistance schemes and jointly rolled out a one-stop IBMAS starting from 1 April 2011, providing financial assistance and technical support to the eligible buildings with service optimisation and relaxation of eligibility criteria. Up to 30 November 2014, 600 buildings have received assistance from the HKHS/URA to carry out building maintenance works.

4. Measures are in place under OBB and IBMAS to assist OCs and owners in providing referencing information to minimise the risk of corruption and malpractices by consultancy firms and contractors. For instance, the HKHS and the URA will conduct briefings and participate in OC meetings as necessary to explain to the owners important points to note in preparing for maintenance works. Consultancy firms participating in a tendering exercise are required to submit to the OCs or owners concerned working-hour allocation tables of the authorised persons and relevant professionals so as to allow the OCs or building owners to have sufficient information to evaluate whether the fees charged by the firms are reasonable. Independent consultants are also engaged by the HKHS and the URA to provide the OCs or owners with an evaluation of maintenance costs as reference for assessing whether the tender prices are comparable with the market level.

5. In late 2013, the HKHS and the URA introduced a new tendering arrangement (NTA) under OBB by engaging an independent professional accounting firm to handle administrative work related to tendering exercises for the appointment of building contractors. The NTA aims to provide an open and fair tendering platform by keeping the identity of the prospective tenderers confidential such that they will be free from any possible undue interference from the stakeholders, including OCs, consultancy firms or other prospective tenderers. The HKHS and the URA also display on their websites the information of buildings undergoing tendering exercise under OBB to encourage more contractors to participate in the tendering process and enhance competition. The effect of the NTA is positive and encouraging as evidenced by the increased numbers of returns of Expressions Of Interest and tenders as compared to those before the introduction of the NTA. The HKHS and the URA will keep monitoring the outcome and effectiveness of the NTA.

## Support for OCs and Owners

6. As regards the provision of better support for OCs and owners, the HAD has, through the Building Management Professional Advisory Service Scheme, engaged professional property management companies to provide the target “three-nil” buildings with one-stop and customised professional advice and support, including assisting the owners in forming OCs or reactivating defunct OCs and assisting OCs in taking forward maintenance works and follow up on tender matters.

7. Moreover, the HAD, in collaboration with three professional institutions, viz. the Hong Kong Institute of Surveyors, the Hong Kong Institution of Engineers and the Hong Kong Institute of Architects, launched the "AP Easy" Building Maintenance Advisory Service Scheme in April 2014. Expert teams comprising members of the professional institutions will, on a voluntary basis, offer professional advice on the engagement of consultants for tenders, including drafting of tenders and contract documents as well as analysis of tenders, to OCs intending to carry out large-scale building maintenance works. We will closely monitor the progress and review the effectiveness of the scheme in due course.

## Law Enforcement

8. As for law enforcement, the ICAC and the HKPF take proactive action to follow up on and investigate all complaints and reported cases. The HKPF has earlier set up a special working group under its Organized Crime and Triad Bureau, and augments its intelligence gathering efforts through the RenoSafe Scheme, under which the respective local anti-triad officers make direct contacts with the OCs and owners concerned and invite them to provide information on crimes. Anyone who consider their personal safety under threat or feel intimidated may report the case to the police and seek their assistance. On the other hand, if there is any corruption in any building management matters, the ICAC will investigate according to the Prevention of Bribery Ordinance (Cap. 201).

## The Competition Ordinance

9. Enacted in 2012, the Competition Ordinance (Cap. 619) provides that an undertaking must not make or give effect to an agreement if the object or effect of the agreement is to prevent, restrict or distort competition in Hong Kong. A bid-rigging agreement between

undertakings might contravene the Competition Ordinance. The Administration, the Competition Commission and the Judiciary are working towards the full implementation of the Competition Ordinance, which will be brought into full operation when all preparatory work is completed. After the Competition Ordinance has come into force, the Competition Commission may conduct investigations against bid-rigging activities as appropriate.

### Publicity and Education

10. On publicity and education, the ICAC and the HKPF, in collaboration with the HAD, the URA and the HKHS, etc., have been making concerted efforts to provide OCs and owners with guidance on corruption and crime prevention, as well as guidelines on the tendering of building maintenance works. In mid-December 2013, the ICAC published a new edition of the Building Maintenance Toolkit, providing advice on effective corruption prevention measures, checklists on points to note and templates of documents for the reference of OCs and owners. In 2014, the ICAC conducted some 40 seminars to promote the Building Maintenance Toolkit and related corruption prevention measures, reaching out to some 2 500 office bearers of OCs and building management personnel. With the assistance of the HKHS and the URA, the ICAC has also commissioned an independent academic institution to analyse the costs of maintenance projects completed under the OBB and study the feasibility of setting up a renovation cost database for public reference. The research institute aims to announce the findings in early 2015.

11. In addition, the URA has launched the “Building Rehab Info Net”, a resources website on building maintenance including procedural workflow on building rehabilitation, case sharing on maintenance works, publication of tender invitations on consultancy firm, register inspectors or works contractors for buildings joined the URA’s maintenance assistance schemes etc. so as to provide useful information to OCs or building owners who intend to carry out building maintenance works.

12. Moreover, through the RenoSafe Scheme launched in September 2013, the HKPF provides OCs intending to carry out building maintenance works with an information package, listing crimes that may arise from improper handling of building maintenance works and offering advice on preventive measures. Posters or banners are displayed at conspicuous positions of the participating buildings for enhanced publicity and effective deterrence.

## **WAY FORWARD**

13. Members are invited to note the safeguard measures for prevention of corruption and malpractices in building repair and maintenance works in paragraphs 3 to 12 above.

**Home Affairs Department**  
**January 2015**