

*Management of Mandatory Building Inspection Scheme by the Buildings Department*

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The Audit Commission ("Audit") conducted a review to examine the work of the Buildings Department ("BD") in management of the Mandatory Building Inspection Scheme ("MBIS").

2. MBIS, which has been fully implemented since 30 June 2012, aims to require owners to carry out regular inspection and timely repair for their properties so as to tackle the problem of building neglect at source. MBIS covers private buildings aged 30 years or above (except domestic buildings not exceeding three storeys). As of December 2019, there were a total of 18 066 buildings covered by MBIS.

3. Under MBIS, BD is empowered under the Buildings Ordinance (Cap. 123) to issue statutory notices to owners of private buildings aged 30 years or above (except domestic buildings not exceeding three storeys), requiring them to carry out prescribed inspection and, if necessary, prescribed repair in respect of the common parts, external walls, projections and signboards of their buildings every 10 years. Up to April 2020, a total of 82 177 statutory notices (involving 5 308 buildings) had been issued under MBIS. Registered inspectors ("RIs") are responsible for carrying out the prescribed inspection and/or supervision of the prescribed repair being done by registered contractors. BD is responsible for ensuring proper regulation of RIs and implementation of MBIS.

4. The Committee noted the following findings from the Director of Audit's Report:

Selection of buildings for issuance of statutory notices

- since 2013 (i.e. the first full-year implementation of MBIS), the target number of buildings under MBIS had decreased from 2 000 in 2014 to 400 in 2019, and then increased to 600 in 2020;
- as of December 2019, it was estimated that some 12 000 buildings out of the 18 066 buildings covered by MBIS had not been selected for issuance of statutory notices. Based on the 2020 target of selecting 600 buildings for issuance of statutory notices each year, it would take about 20 years to cover these 12 000 buildings;
- in October 2017, BD indicated that only private residential or composite buildings aged 50 years or above (revised to 40 years or

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above in August 2020) would be selected for issuance of statutory notices (i.e. overriding selection criterion). This overriding selection criterion was based on building type and age. However, building type was not considered under BD's Building Score System,<sup>1</sup> and building age was only one of the four selection criteria under the System. Building condition, which was a criterion carrying a higher weight under the System, had not been included as one of the overriding criteria for selection of target buildings;

- some buildings covered by MBIS but not meeting the overriding selection criterion might be of high risk to public safety as indicated by their higher scores (i.e. 404 buildings) or incidents of fallen building elements (i.e. 227 incidents), but they were not included in BD's nomination list of target buildings to the Selection Panel<sup>2</sup> for issuance of statutory notices under MBIS;
- the overriding selection criterion had not been included in BD's guidelines;
- BD deleted a total of 76 buildings from the endorsed building list after they had been selected by the Selection Panel<sup>3</sup> from 2017 to 2019, including 67 buildings with replacement from the list of buffer buildings and nine buildings without replacement. Audit noted that:
  - (a) for buildings selected in 2017, while BD had informed the Selection Panel about the number of buildings it subsequently deleted with replacement (i.e. 13 buildings) and the reasons for their deletion, it had not done so for the buildings it deleted without replacement (i.e. six buildings); and

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<sup>1</sup> BD has developed a Building Score System to prioritize all buildings covered by MBIS. Under the Building Score System, scores will be given to buildings based on four selection criteria (i.e. building age, building condition, building management and risk to public) and priority will be given to buildings with higher scores (i.e. relatively higher potential risk) in selection of buildings for issuance of statutory notices under MBIS.

<sup>2</sup> To enhance the transparency and promote community participation, a Selection Panel has been established to tender advice to BD on the selection criteria and the selection of target buildings for issuance of statutory notices under MBIS. The Selection Panel is chaired by an Assistant Director of BD with members from professional institutions, the Hong Kong Housing Society and 18 District Councils.

<sup>3</sup> After the Selection Panel's endorsement of the nomination list of target buildings for issuance of statutory notices, BD may change some buildings in the endorsed building list due to various reasons (e.g. buildings which have been recently repaired or with repair works in progress, were or would be demolished).

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- (b) the 67 buildings deleted with replacement included seven buildings which had been wrongly selected due to data quality problem in BD's Building Condition Information System ("BCIS");<sup>4</sup>
- for the building selection exercise for MBIS in 2019, there were 35 buildings with higher scores than some buildings in BD's nomination list of target buildings, but they were not included in the list. No documentation available showing BD's assessment that such buildings were in fair condition;
  - from the commencement of MBIS in June 2012 and up to April 2020, only a small number of buildings covered by MBIS had participated in voluntary building inspection (i.e. 41 buildings were being assessed or were accredited under the Voluntary Building Assessment Scheme,<sup>5</sup> and notifications were made to BD for 139 buildings for conducting prescribed inspection on a voluntary basis);

Follow-up actions on compliance with statutory notices

- as of April 2020, among the 24 639 non-compliant statutory notices, no warning letters<sup>6</sup> had been issued to owners in 6 941 (28%) cases of non-compliance with statutory notices. For almost all (6 862 (99%)) of these 6 941 cases, more than one month and up to 6.5 years had elapsed after completion due dates. In other words, the one-month time target for issuing warning letters set out in BD guidelines had not been met in these cases;
- only the issue date of the latest warning letter would be kept in BCIS (i.e. the issue date(s) of the previous warning letter(s), if any, recorded in BCIS would be overwritten). In addition, BCIS records for the

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<sup>4</sup> BCIS is a computer system for recording, processing and retrieving details of public reports, planned surveys, statutory orders, works orders and consultancy assignments. In selection of buildings for issuance of statutory notices under MBIS, BD will retrieve data relating to buildings covered by MBIS in BCIS for analysis.

<sup>5</sup> All private domestic buildings and composite buildings with building management are eligible to join the Hong Kong Housing Society's Voluntary Building Assessment Scheme. Buildings certified under this scheme will be recognized by BD for having fulfilled the requirements under MBIS within 10 years.

<sup>6</sup> According to BD guidelines, warning letters should be issued to the building owners in cases of non-compliance with statutory notices under MBIS within one month after the dates specified in the statutory notices for each stage.

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issuance of warning letters for 112 cases of non-compliance with statutory notices had not been timely updated;

- among the 1 071 non-compliant statutory notices that were referred to prosecution teams in 2019 for instigating prosecution, 696 (65%) notices had been referred more than two years and up to six years after completion due dates of the statutory notices;

Monitoring of RIs' submissions

- among the 7 408 certificates of building inspection received from RIs under MBIS in 2019, 3 860 (52%) certificates had been received by BD more than seven days and up to 4.5 years (averaging 56 days) after completion of building inspection, thus not meeting the seven-day statutory requirement;<sup>7</sup>
- among the 607 certificates of building repair received from RIs under MBIS in 2019, 238 (39%) certificates had been received by BD more than 14 days and up to 4.5 years (averaging 162 days) after completion of building repair, thus not meeting the 14-day statutory requirement;<sup>8</sup>
- among the 1 174 MBIS submissions with BD's audit checks completed in 2019, 213 (18%) submissions had been completed more than one year and up to five years (averaging 1.8 years) after receipt of submissions by BD. BD had also not set time target for completing audit checks of MBIS submissions in its guidelines; and
- according to BCIS records, as of April 2020, a total of 35 639 statutory notices issued under MBIS had been complied with. However, for some of these statutory notices, there were no BCIS records for the receipt of some of the required submissions, including notification of appointment of RI for building inspection and repair (for 4 747 (13%) notices), certificates of building inspection (for 1 314 (4%) notices) and certificates of building repair (for 596 (2%) notices with building repair needed).

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<sup>7</sup> According to the Building (Inspection and Repair) Regulation (Cap. 123P), an RI should submit a certificate of building inspection together with an inspection report within seven days after completion of the prescribed building inspection in respect of a building.

<sup>8</sup> According to the Building (Inspection and Repair) Regulation, an RI should submit a certificate of building repair together with a completion report within 14 days after completion of the prescribed building repair for supervision of repair works.

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5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding selection of buildings for issuance of statutory notices, follow-up actions on compliance with statutory notices and monitoring of submissions from RIs. The replies from **Secretary for Development** and **Director of Buildings** are in *Appendices 12* and *13*.

6. While acknowledging the efforts made by BD in implementing MBIS, the Committee has reservation as to whether BD can fully achieve the objective of MBIS to tackle the problem of building neglect within an acceptable time frame in view of the rapid ageing of building stock. The Committee recommends that BD should review the implementation of MBIS on a regular basis, so as to enhance its effectiveness in tackling the problem of building neglect.

7. The Committee wishes to be kept informed of the progress made in implementing the various recommendations in respect of this subject.