

## **NOTE FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE**

### **Supplementary information on 651TH – Local roads, drainage and associated engineering works in Area 11A, package 13, Sha Tin**

#### **INTRODUCTION**

In considering PWSC(2000-01)35 on 7 June 2000 on **651TH** “Local roads, drainage and associated engineering works in Area 11A, package 13, Sha Tin”, Members asked for information on the quality assurance of building projects under the Private Sector Participation Scheme (PSPS).

#### **THE ADMINISTRATION’S RESPONSE**

2. The PSPS was introduced in 1978 to engage the experience and resources of private sector developers in the production of flats for sale to prospective homeowners eligible for the Home Ownership Scheme (HOS). Under the PSPS, Government offers sites for sale (by tender) on condition that flats produced are sold to purchasers nominated by the Housing Authority (HA). The successful tenderer will receive in return the guaranteed price for the flats produced as determined at the time of tender.

3. The Administration has always intended to provide quality housing flats for the public. For quality assurance of PSPS projects, the following measures are already in place -

- (a) a weighted scoring system has been adopted since mid 1997 by the PSPS Tender Board, chaired by the Secretary for Housing. Developers are required to compete for PSPS sites by tendering on the basis of tender prices and other aspects which include overall planning and detailed design of projects, past performance and financial capability of tenderers, and other proposals relating to construction, environment and future management. The PSPS Tender Board will

select the most suitable tender taking into account both the tender price and other aspects;

- (b) the Developer's Authorised Persons and Registered Structural Engineers will carry out supervision of the building or structural works in PSPS projects. Their roles are to ensure that buildings are constructed in accordance with the plans and specifications;
- (c) building contractors for PSPS projects are required to register on the HA List of Building Contractors and obtain ISO 9000 certification;
- (d) the Director of Housing appoints independent quantity surveyors to oversee the development of the PSPS projects and to monitor progress;
- (e) with regard to the maintenance of PSPS flats, the Government has made developers liable for scheduled defects (such as spalling and water seepage) for a period of five years. This is in addition to the normal one-year defects liability period. For those PSPS projects scheduled for tendering out from June 2000 onwards, the defects liability period will be extended to two years. Also, since April 1999, a new clause has been inserted in the lease conditions of those sites with possible ground settlement problems to oblige PSPS developers to make good defects caused by any ground settlement within 10 years as secured by a 10-year bank guarantee; and
- (f) as a proof of the HA's confidence in the structural soundness of its buildings and commitment to quality assurance, the Authority has recently proposed in a consultative document entitled 'Quality Housing: Partnering for Change' the provision of a 10-year structural guarantee for owners of all new and completed PSPS projects.

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