

立法會
Legislative Council

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by the Administration)

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LegCo Panel on Housing

**Minutes of the special meeting
held on Tuesday, 11 January 2000, at 10:45 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon LEE Wing-tat (Chairman)
Hon Gary CHENG Kai-nam, JP (Deputy Chairman)
Hon David CHU Yu-lin
Hon HO Sai-chu, SBS, JP
Hon Edward HO Sing-tin, SBS, JP
Hon Albert HO Chun-yan
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon CHAN Yuen-han
Hon CHAN Kam-lam
Hon LEUNG Yiu-chung
Hon Andrew WONG Wang-fat, JP
- Member attending** : Hon LAU Kong-wah
- Members absent** : Hon LEE Cheuk-yan
Hon NG Leung-sing
Hon Ronald ARCULLI, JP
Hon James TO Kun-sun
Dr Hon YEUNG Sum
Hon SZETO Wah
- Public officers attending** : **Housing Bureau**

Mrs Catherine CHUI
Assistant Secretary (Special Duties)³
Ms Ophelia TSANG

Assistant Secretary (2)

Housing Department

Mr Raymond BATES
Deputy Director/Works

Mr Andrew LAI
Head, Corporate Strategy Unit

Works Bureau

Mr W S CHAN
Deputy Secretary (Works Policy)

Planning and Lands Bureau

Mr G F WOODHEAD
Principal Assistant Secretary (Buildings)

Architectural Services Department

Mr S H PAU
Director of Architectural Services

Buildings Department

Mr LEUNG Chin-man, JP
Director of Buildings

Mr CHEUNG Hau-wai
Acting Deputy Director

Mr AU Choi-kai
Acting Assistant Director/Legal & Management

Clerk in attendance : Mrs Mary TANG
Chief Assistant Secretary (1)6

Staff in attendance : Miss Becky YU
Senior Assistant Secretary (1)3

In the wake of the recent revelation of piling problems at the Home Ownership Scheme (HOS) site at Shatin Area 14B Phase 2 (Yuen Chau Kok (YCK)), the Chairman

proposed and members agreed that the Administration should be asked to brief the Panel on the incident before commencing discussion on measures to improve building quality of public housing flats.

Sequence of events and remedial actions

2. The Deputy Director/Works (DD/W) advised that the piling problems at YCK were discovered during a bored pile coring test conducted by the Housing Department (HD) on 3 January 2000. It was found that the recorded length of some of the piles in two HOS blocks did not meet the required specifications. HD had immediately investigated the cause of the problem. The case was also referred to the Independent Commission Against Corruption (ICAC) which had subsequently effected a number of arrests, including three HD's staff. The Building Committee (BC) of the Housing Authority (HA) held a special meeting on 8 January 2000 and decided that work on the superstructure be stopped, and that the contractor concerned be suspended from tendering further piling contracts of HA.

3. Mr Fred LI and Mr Gary CHENG opined that the series of piling incidents had undermined public confidence in the quality of HOS flats and would affect the future sales of these flats. They asked how HA would tackle the problem. In response, DD/W pointed out that there were various issues affecting building quality. Of these, some were explicit to HD and others were fundamental to the construction industry. To ascertain the situation, HA was working with the Works Bureau (WB) to review the operation of the construction industry. During the consultation in the past few months, HA had been able to reach consensus with the industry in various aspects, such as improving the tendering system, strengthening site supervision and promoting partnership. In fact, HD had already implemented a number of measures, including the deployment of resident engineers for all piling contracts. Although there were still differences in opinions in respect of reduction of subcontracting activities and employment of permanent workers, DD/W affirmed that all the feedback and opinions from members as well as relevant parties would be taken into consideration in the review. The review report would be ready for public consultation by the end of January 2000.

4. On restoring public confidence in HOS flats, DD/W advised that HA would continue to be open and honest and would inform the public about the problems that had arisen and the remedial actions to be taken. While agreeing with the need for transparency, Mrs Selina CHOW considered that HA should inform the public of the nature and impact of the problems to avoid unnecessary misunderstandings. DD/W replied that the public should be able to judge the extent of the problems by the actions taken by HD. He nevertheless agreed that it would be useful to inform the public of the impact of the problems on building safety.

Monitoring role of the Housing Department

5. Mr CHAN Kam-lam considered it unacceptable that the piling problems at YCK were only discovered one year after completion of the foundation. He queried if HD had performed its monitoring role during the course of piling works. DD/W affirmed that different types of tests, including verticality test, on the foundation had been carried out by HD which confirmed that the piling works at that time were satisfactory. An investigation was therefore necessary to ascertain the accuracy of the test results. Noting that HD had been checking all its 106 piling contracts after the excessive uneven foundation settlement was discovered at Tin Chung Court, Mr Gary CHENG was disappointed at the recurrence of piling problems at YCK and Kam Tai Court. He asked whether HD had covered up the findings of the investigation. In reply, DD/W stressed that HD had not hidden anything from the public. On the contrary, all the recent problems in HOS sites were discovered by HD. The decision to announce such problems right after they were uncovered was to enhance transparency. As regards Kam Tai Court, DD/W clarified that there was no evidence showing that there were problems with the development. Nevertheless, members of the public were welcomed to report any irregularity to HD or ICAC for necessary follow-up.

6. On acceptance of piling works, DD/W advised that this was done by the respective project teams. In addition, independent professionals would be appointed to conduct acceptance tests for specialized items such as lifts and escalators. To enhance the independent monitoring role of HD, a new acceptance procedure would be implemented shortly. Mr Edward HO however questioned the effectiveness of the acceptance procedure if this was carried out by the same project team responsible for the design and supervision of the project. DD/W advised that Mr HO's concern would be taken into account in the review. As regards the proposed inclusion of HA buildings under the Building Ordinance (BO) and the acceptance procedures of the Buildings Department (BD), DD/W advised that HA had to consult the relevant authorities before reaching a final decision.

7. Mr Fred LI asked how HA could tackle the problem of tampering of test specimens of construction materials by laboratories appointed by main contractors raised at the meeting on 14 December 1999. DD/W advised that the issue formed part of the corruption prevention studies on piling works and material testing conducted by ICAC. All the findings and recommendations in these studies had been accepted and were being implemented by HD.

8. As regards construction works in the private sector, the Director of Buildings (DB) advised that under BO, persons who intended to carry out building works were required to appoint an Authorized Person (AP) and a Registered Structural Engineer (RSE) to design and supervise building/structural works. The AP and RSE appointed should notify BD of any contravention of the building regulations and ensure that building works conformed to approved plans. Staff of BD would carry out audit checks and/or sample tests of structural elements at different stages of construction. Occupation permits would not be issued unless BD was satisfied with the results of the checks/tests. DB supplemented that a working group had been set up to review various issues affecting building quality in the

private sector. The first two studies would be on proof-test of piles and sanctions under BO. As to when the review would be completed, DB advised that although the whole review would take some time to complete, implementation of those improvement measures, which did not involve legislative amendments would commence as soon as practicable.

Cause of the piling problems at Yuen Chau Kok

9. Referring to the statement made by the main contractor of YCK that the subcontractor was responsible for the piling problems at YCK, Mr Fred LI asked what action HD would take against the subcontractor. DD/W clarified that in general, HA only had contractual relationship with the main contractors who would be held directly responsible for the quality of construction works. The question of whether HA should have control over the subcontractors would be considered in the review. In the case of YCK, HA decided not to award any new works to the main contractor concerned. As regards responsibility, DD/W assured members that investigation would be conducted to determine the responsibilities of various parties, including HD's staff. Defaulting staff would be subject to disciplinary actions in accordance with the Civil Service Regulations.

10. Mr LI however considered it inappropriate for HD to investigate its own staff. In response, DD/W explained the prevailing investigation procedure adopted by HD. He said that a general review on the case would be conducted by the technical audit team which was entirely independent from the project team concerned. It would report any irregularity to a special panel comprising independent experts outside HD. The opinions of the panel would be subject to a third party check to ensure impartiality. Mr LI and Mrs Selina CHOW were not convinced of the Administration's response. They opined that the Administration should entrust the investigation to professionals from other relevant departments, such as the Architectural Services Department and BD. Mr LI added that consideration should be given to setting up a special committee to probe into the YCK case in view of the severity of the piling problems. DD/W undertook to relay members' views to HA for consideration.

Conclusion

11. The Chairman remained concerned about the building safety of the 106 projects under construction and those which had been occupied over the past few years. Expressing similar concern, Mr CHAN Kam-lam considered that HA should re-examine the piling works of these projects to ensure safety. Mr Fred LI added that the same arrangement should also extend to public rental housing (PRH) projects. DD/W advised that the technical requirements for both HOS and PRH were the same, and that HD was reviewing all its piling contracts and would come up with a conclusion within two months. In addition, HD had already stepped up site supervision pending the results of the review. During the interim, HA would continue to be transparent and would inform the public whenever problems arose.

I Meeting with the Administration and discussion on the Panel report on measures to improve building quality in public housing flats
(LC Paper Nos. CB(1) 699/99-00, 736/99-00(01), (02) and (03))

12. Members noted the Panel report on measures to improve building quality in public housing flats circulated vide LC Paper No. CB(1) 699/99-00.

The role of Housing Authority and Housing Department in the construction of flats and in overseeing building quality

13. Members generally agreed that there was a conflict of interest in the role of HA as the developer, designer, project manager, supervisor professional and building control. They also supported the proposed inclusion of HA buildings under BO and the acceptance procedures of BD as in the case of private developments. Mr LAU Kong-wah however expressed concern about the impact of the proposal on BD. In reply, DB said that he was not in a position to comment on the proposal at the present stage, particularly when this would involve legislative and fundamental changes to the current structure of the Government involving the monitoring of the work of one government department by another with the possible imposition of sanctions. The proposal would also involve redeployment of resources as additional manpower would be required if BD were to take over the work of HD. He nevertheless assured members that BD would work closely with HD to resolve any problem that might arise if the proposal was approved by the Administration.

14. Mr CHAN Kam-lam remarked that the increased demand for public housing over the past years had put much pressure on HA and in turn affected the building quality. Expressing similar concern, Mr Edward HO asked if the Administration would consider entrusting housing construction to other government departments, such as WB, leaving housing policies to be handled by HA. The Assistant Secretary for Housing (Special Duties)(3) noted members' views. The Deputy Secretary for Works (Works Policy) (DSW/WP) however pointed out that housing construction fell outside the remit of WB.

15. On performance assessment of contracts, DD/W explained that this was done by the project teams. However, a separate audit team had been set up to carry out performance assessment starting January 2000 to enhance impartiality.

Tendering system

16. Mr CHAN Kam-lam asked if HA would take into account the performance of subcontractors in evaluating tenders. DD/W clarified that performance assessment was only confined to the main contractors who had a contractual relationship with HA. In general, tenderers would be assessed on their listing status, current workload, and past performance under the Performance Assessment Scoring System which would contribute towards the 20% assessment weighting for technical performance under the preferential tender award system. He added that disciplinary actions in the form of suspension from tendering for a specific period, demotion or removal from the approved lists would be

taken against defaulting contractors under the “Rules of the Administration for the Lists”. By way of illustration, 23 and 32 companies had been either demoted/removed from the lists or suspended/restricted from tendering for non-compliance with engineering and maintenance works respectively. Given that unsuccessful tenderers might become a subcontractor, Mr CHAN considered it necessary for HA to have control over the subcontractors to ensure building quality. DD/W advised that the relationship between HA and subcontractors would be considered in the review.

17. On the assessment weightings between price and performance for consultant contracts of WB and HA, DSW(WP) advised that WB operated a variety of percentages ranging from 40:60 to 20:80 depending on the complexity of the contracts. DD/W supplemented that the weightings adopted by HA were 50:50 for ordinary projects using standard blocks design, 30:70 for more complicated projects and 20:80 for exceptional cases such as those involving research studies. Mr Edward HO was not convinced of the Administration’s response. He opined that the same level of monitoring should apply regardless of the complexity of the projects.

18. Noting that under the existing consultant contracts of HD, engineers were appointed by consultants, Mr Edward HO asked if HD would consider appointing engineers direct as in the case of public works contracts. DD/W advised that the issue of direct appointment of various professionals was being considered in the current review. He however emphasized the need for consultants as project managers since HD was not staffed with sufficient manpower to manage all the housing projects in-house.

19. To ensure quality of tenders, Mr HO Sai-chu opined that HA should limit the number of tenders for each project to not more than eight for consultant contracts and ten for construction contracts. The Chairman however pointed out the proposal was at variance with the principle of fair competition.

Mode of operation

20. Mr HO Sai-chu considered that clear guidelines on the quality standard requirements of HD should be provided to contractors. Expressing similar concern, the Chairman enquired about the Administration’s stance on the building of “Central Sample Units” proposed by the Hong Kong Construction Association. DD/W explained that at present, a sample flat would be developed for each housing project which would serve as the acceptance standard for that particular project. He nevertheless agreed that the proposed provision of a centralized standard for reference of both the contractors and the subcontractors was worth pursuing.

Subcontracting

21. Mr CHAN Kam-lam and Ms CHAN Yuen-han opined that efforts should be made to limit subcontracting to three layers only viz the main contractor, specialized subcontractors (such as bar bending and fixing) and a subcontractor. Mr CHAN added that there should be an approved list of subcontractors to ensure building quality. DD/W advised that although there was consensus within the construction industry on the

need to restrict the number of subcontracting levels, it might be difficult to police against excessive subcontracting. He nevertheless assured members that the Administration would seriously consider all the suggestions, including registration of specialized subcontractors and construction workers, in the review.

II Any other business

22. Owing to time constraints, members agreed to continue discussion on the Panel report at the special meeting scheduled for Wednesday, 19 January 2000, at 10:45 am.

(Post-meeting note: At the instruction of the Chairman, the meeting was subsequently re-scheduled for Friday, 21 January 2000, at 10:45 am.)

23. There being no other business, the meeting ended at 12:50 pm.

Legislative Council Secretariat
31 May 2000