

立法會
Legislative Council

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by the Administration)

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LegCo Panel on Housing

**Minutes of special meeting
held on Friday, 21 January 2000, at 10:45 am
in the Chamber of the Legislative Council Building**

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

Miss Sandy CHAN
Principal Assistant Secretary (2)

Housing Department

Mr J A MILLER, JP
Director of Housing

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 for Planning and Lands (Buildings)

Architectural Services Department

Mr S H PAU
Director of Architectural Services

Buildings Department

Mr CHEUNG Hau-wai
Deputy Director of Buildings (Acting)

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

For Item II

Housing Bureau

Mr Andrew R WELLS, JP
Deputy Secretary for Housing (2)

Ms Lorna WONG
Principal Assistant Secretary (Housing Strategy)

Housing Department

Mr J A MILLER, JP
Director of Housing

Mr Andrew LAI
Head, Corporate Strategy Unit

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

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

I Measures to improve building quality in public housing flats
(LC Paper Nos. CB(1) 699/99-00, 736/99-00 (01), (02), (03) and 829/99-00(01))

Noting that the Housing Authority (HA) had published a consultative document entitled “Quality Housing: Partnership for Change” (LC Paper No. CB(1) 829/99-00(01)), members agreed to focus their discussion on the proposals in the document relating to the various issues outstanding from the last meeting on 11 January 2000.

2. At the Chairman’s invitation, the Head, Corporate Strategy Unit (H, CSU) highlighted the salient points in the consultative document. He said that the Administration would welcome any comments and suggestions for improvement during the consultative period over the next two months.

Chapter 5: Assuring Product Quality

3. On *site supervision*, Mr LEUNG Yiu-chung expressed doubt that the Housing Department (HD) could deploy sufficient resident professionals to all piling and large-scale projects. The Deputy Director/Works (DD/W) advised that HD had already started recruiting resident professionals with a view to strengthening supervision on site. Besides, consultant service would be engaged if necessary. Mr LEUNG asked how HD could ensure the deployment of adequate resident professionals in the event of subcontracting of project management by consultants. Expressing similar concern, the Chairman questioned whether sufficient professionals were available for employment if HD had to step up the inspection frequency to ensure adequacy of site supervision. DD/W advised that HD had not encountered any difficulty in recruiting resident professionals, particularly after the economic downturn. He nevertheless agreed to the need to increase the supply of resident professionals and supervisory staff in the long term through training. HA and HD would work closely with the training authorities in developing tailor-made training courses for this purpose.

4. Mr HO Sai-chu enquired about the number of additional resident professionals required to take forward the proposal. H,CSU advised that for piling projects, HD would deploy a resident engineer to each of the projects, to be assisted by adequate supervisory staff. It was anticipated that an additional 37 dedicated site staff would be needed. Consultants had also been required to adopt the practice and the manning scale similar to that of HA's in-house projects. DD/W added that apart from resident engineers for piling works, HA was considering deploying other professionals, including architects, for large-scale and more complicated building projects such as commercial centres. The actual arrangements had yet to be worked out.

5. Apart from deploying sufficient supervisory staff to all sites, Mr HO considered that HA, consultants and contractors should also ensure the competency and integrity of such staff. DD/W agreed that the prevailing requirement for site supervisory staff to speak English was not enough, and that they should have technical qualifications as well. To this end, HA would require all consultants and contractors to submit Quality Supervision Plans at the tendering stage to set out their project management proposals. The plan would cover staff resources, including both the number and their qualifications attained, that would be deployed for project management; a tentative supervisory plan for subcontractors and workers; and a preliminary plan to achieve building quality and site safety. Consideration would also be given to offering better tendering opportunities to contractors who were prepared to invest more in supervision. Notwithstanding, the Director of Housing (D of H) stressed that it was the responsibility of the consultants and contractors to employ qualified persons to supervise construction works. The role of HD was to ensure that the interest of clients would not be compromised.

6. On *third-party audit*, Mr LEE Cheuk-yan enquired about HD's stance on the proposed inclusion of HA's building under the control of the Buildings Ordinance (BO). He also asked if the Administration would consider putting all the problematic housing blocks under the acceptance procedure of the Building Department (BD) to ensure impartiality. DD/W advised that HD had a close working relationship with BD in various aspects. For instance, HD would consult BD on the design of standard blocks. He assured members that HD would discuss the proposal with BD. The Deputy Director of Buildings (Acting) supplemented that BD had an open mind on the proposals in the consultative document. Meanwhile, BD would continue to provide advice to HD if necessary. As regards the time-table for implementing the proposal, the Principal Assistant Secretary for Housing (2) (PAS for H (2)) said that a definite time-table was not available as the proposal involved vast legislative, programming and resource implications. The Administration would consult the relevant authorities before reaching a final decision. Mr LEE however pointed out that the proposed third-party audit would become less effective if this was introduced after the peak of public housing production. Expressing similar concern, the Chairman agreed that the Administration should provide the time frame for implementing policy and legislative changes to put public housing construction under the ambit of BO. PAS for H (2) took note of members' concern but advised that apart from the proposed third-party audit, there were other long-term and short-term measures in the consultative document that would help to improve building quality.

Chapter 6: Investing in a professional workforce

7. While appreciating HA's intention to uplift the trade-test requirements for construction workers, Mr HO Sai-chu expressed concern that the training authorities might not have the capacity to provide sufficient trade-tested workers. DD/W advised that a working group comprising representatives of the industry, Works Bureau, Hong Kong Construction Association (HKCA), Construction Industry Training Authority (CITA), Vocational Training Council and HD had been set up to ensure adequate supply of labour. Taking into account the annual output of CITA of 6,000 workers, DD/W was confident that the proportion of trade-tested workers under HA's contracts could be increased from the prevailing 35% to 60% in three years' time.

8. On the employment of trade-tested workers, H,CSU clarified that HA was the only developer in Hong Kong who required the employment of a proportion of trade-tested workers. The prevalent use of casual workers by other developers was attributed to the nature of the construction industry and the fluctuating workload. The consultative document aimed to foster the wider use of trade-tested workers with a view to improving building quality. The Chairman however cautioned that workers would be discouraged from taking trade tests if they received the same pay as non-trade-tested workers.

9. As regards the integrity of supervisory staff, the Chairman agreed with the Independent Commission Against Corruption (ICAC) that efforts should be made to prevent site supervisory staff from developing unhealthy relationship with contractors. H,CSU assured members that the Administration would work closely with ICAC in detecting and investigating malpractice. The relevant trade associations and professional institutes in the industry would also be encouraged to develop a code of practice and other sanction systems to promote the importance of professional integrity among their members.

Chapter 7: Striving for productivity and efficiency

10. Mr LEUNG Yiu-chung enquired about the justification for the proposed extension of the normal construction period for new piling and building contracts by one and two months respectively. DD/W advised that the proposal was put forward in response to the industry's concern that the construction period for HA's building contracts was too tight. The situation was further aggravated by the more stringent environmental and site safety standards introduced in recent years. Besides, the increasing emphasis on quality supervision might have lengthened the works period. The proposed extension would therefore allow sufficient time for contractors to deliver quality housing and prevent them from cutting corners to meet production targets.

11. Mr LEUNG was not convinced of the Administration's response. He pointed out that the extension of construction period would not solve the problem of sub-standard works which mainly related to the lack of monitoring. For instance, many sites had been left vacant because the contractors concerned had tendered for a number of contracts at the same time but were unable to provide sufficient workers to work on the sites. The

situation would be further aggravated in the event of subcontracting. DD/W advised that according to past experience, building problems occurred whenever the construction period was tightened. However, it did not mean that reduction in the construction period was not possible but this had to be matched with improved efficiency within the industry. To this end, the Administration would assist the industry in the research and development of new construction methods, technologies and materials. On subcontracting, DD/W advised that measures, such as the formation of an Organized Specialist Subcontractors System; requiring main contractors to submit a list of subcontractors under the Quality Supervision Plans; and promoting the use of contract workers in core trades through contract provisions and better tendering opportunities, would be introduced to restrain multi-layered subcontracting.

12. Mr LEUNG remained concerned about those sites being left vacant and enquired about the number of such sites. DD/W explained that contractors were required to submit a programme for their projects and to demonstrate their ability to deliver the programme on time. In addition, HD would monitor the labour level on site to ensure adequacy. According to HD's records, no site had been left vacant unless on a holiday. Mr HO Sai-chu also remarked that some sites were left vacant for specific reasons.

13. As to whether the recent piling problems were attributed to insufficient construction time, DD/W stressed that although there was evidence showing that the need to comply with various statutory requirements, particularly those related to environmental protection such as noise control, had underpinned the need for lengthening the works period for piling, HD would step up monitoring of piling works to prevent malpractice. Measures which included enhanced supervision, independent checking and auditing would be carried out at critical stages of construction. Mr Fred LI however considered that the Administration was using the changes in environmental requirements as an excuse for the piling problems. D of H reiterated that the proposals in the consultative document were put forward in response to views expressed by various organizations, including the Hong Kong Institute of Surveyors and HKCA etc. One of the underlying problems behind the difficulties which the industry recently experienced was the tight construction period. He emphasized that the adequacy of the proposed extension of the normal construction period for new piling and building contracts by one and two months respectively was subject to comments of the industry over the consultation period.

14. On the effect of the proposed extension on the floor cycle (the time taken to complete one floor) of contractors, DD/W clarified that contractors were allowed to propose the time they required to deliver the cycle. The average floor cycle ranged from four to ten days. It was however noted that major contractors who were using more advanced construction technologies tended to offer a shorter period of work cycle. They were able to improve building quality at the same time through the use of mechanized systems.

15. While welcoming the proposed extension, Mr HO Sai-chu considered the two-month extension for building contracts was still inadequate and should be further extended. He enquired about the practice in overseas countries. DD/W said that he did not have information regarding overseas experience. He nevertheless clarified that the two-month

extension applied only to standard contracts, a longer period would be allowed taking into account the complexity of the contracts.

Piling problems at the Home Ownership Scheme (HOS) site at Shatin Area 14B Phase 2

16. On the latest position of the piling problems at Shatin Area 14B Phase 2 (Yuen Chau Kok (YCK)), D of H advised that HD had immediately launched an investigation to probe into the cause of the problem since it was discovered on 3 January 2000. The case was also referred to ICAC which had subsequently effected a number of arrests, including three HD's staff who had already been interdicted from duties. Following the decision of the Building Committee (BC) of HA on 8 January 2000, the work on the superstructure was stopped. It was later confirmed by the preliminary piling test results that the suspension was necessary. D of H said that as the investigation was still underway, a final decision on the way forward had yet to be made. He nevertheless assured members that they would be informed of the investigation result in due course.

17. Referring to a press report that the recorded length of some of the piles in two HOS blocks was 50% shorter than the required specifications, and that the buildings would collapse when typhoon signal number 10 was hoisted, the Chairman remarked that HA should consider demolishing the entire blocks to ensure safety. Expressing similar concern, Mr LEE Cheuk-yan opined that as the series of piling incidents had undermined the public confidence in HOS, buyers would be skeptical about the safety of the two blocks at YCK even if the investigation later confirmed that they were structurally safe. While recognizing the importance of public confidence, Mr NG Leung-sing considered that the decision to demolish the two blocks should be made only on the basis of professional opinions provided by an independent third party. D of H took note of members' views and affirmed that the Administration would take into account factors, including building safety, public confidence, time and cost in reaching a decision on whether the two blocks should be repaired or demolished. As regards the weighting of the four factors, D of H advised that safety was of paramount importance followed by public confidence.

18. On the time-table for release of various investigation reports, D of H advised that the review of the piling contracts of the 106 public housing projects would be completed within the next two to three months. The investigation report on Tin Chung Court had been submitted to BC and would be published in February 2000 whereas the investigation on YCK incident was still underway. He assured members that all the reports would be made available to the public.

19. In view of the prevalence of piling problems in public housing sites, Ms CHAN Yuen-han considered that there was a need for the Legislative Council to set up a select committee to probe into the cause and accountability of the problems. While acknowledging Ms CHAN's suggestion, members agreed to wait for the release of the Administration's investigation reports before making a final decision in this regard.

II Alternative means of public housing provision

(LC Paper No. CB(1) 829/99-00(02))

20. The Chairman expressed dissatisfaction that the Administration had not provided any information paper for discussion of the Panel. The Deputy Secretary for Housing (2) (DS for H (2)) explained that the same subject was discussed at the Panel meeting on 3 January 2000. Given that there was no new development during the interim, the Administration considered that a supplementary paper was not necessary at this stage.

21. On partial replacement of subsidized home ownership flat (SHO) production with loans, DS for H (2) reiterated that the proposal aimed to provide more flexibility to potential SHO flats buyers in their choice of flats and to achieve better cost-effectiveness. Under the new arrangement, HA would be requested to draw up a four-year rolling programme to replace a proportion of SHO flats by loans starting 2003/04. A gradual programme involving a reduction of about 6,000 flats a year was envisaged. To facilitate loan recipients to purchase uncompleted flats, HA would make available sufficient funding in 2002/03 for application of eligible households. He assured members that the Administration would closely monitor the property market after implementation of the proposal and would discuss with HA to adjust the number of loans if situation warranted.

22. As the proposal would affect the Administration's pledge for annual provision of 50,000 public housing flats, Mr Fred LI asked whether the Administration would consider using the land saved as a result of the new arrangement to build public rental housing (PRH) flats to make up the shortfall in SHO flats. DS of H (2) affirmed that sufficient land had been earmarked for the production of PRH to ensure that the average waiting time for PRH would be reduced to three years by 2005 as pledged.

23. Noting that SHO buyers would prefer small to medium-sized flats, Mr LI asked how the Administration could ensure adequate supply of these flats by private developers to meet demand, taking into account that the Administration had no control over the private sector. Mr LEE Cheuk-yan also held the view that the new arrangement was at variance with the Administration's goal of stabilizing the property market since property prices would surge in the event of inadequate supply of suitable flats to meet demand. He cautioned that the only party that could benefit from the proposal was private developers. As property prices would hinge on flat supply, Mr NG Leung-sing remarked that efforts should be made to encourage private developers to sell more flats. Consideration should also be given to allowing HA to buy flats from private developers for sale as SHO flats. This would enhance building quality of SHO flats on the one hand and help to release more PRH flats for allocation to those in genuine need on the other.

24. In response, DS for H (2) stressed that the Administration had in place various means to stabilize the property market. These included, among others, a flexible land sales programme to ensure sufficient supply of land for both public and private housing. The Building Covenants (BC) also specified the periods within which flats should be made available for sale. Moreover, private developers, according to past experience, would deliver flats to meet market demand more efficiently than the public sector. The new arrangement would not only benefit the loan applicants but also the taxpayers since

private sector resources would be utilized in the provision of public housing.

25. The Chairman was not convinced of the Administration's response. He pointed out that BC only applied to new formed land which comprised only 60% of the annual supply of land. The Administration had no control of the remaining 40% of land resulting from urban renewal and lease modification. Taking into account the production rates of 20,000 and 30,000 flats of the private sector in 1998 and 1999 respectively, the Chairman said that he was not optimistic about the capability of the private sector in producing the additional number of flats under the new arrangement. DS for H (2) explained that, on the one hand, long-term housing demand was calculated using the Government's housing demand model, which was largely driven by the growth in population. To meet demand in the long term, the Government's strategy was to make land and infrastructure available, and to streamline development procedures. On the other hand, changes in economic situation would also have an impact on the demand in the short term. A rigid flat production programme was not best able to address such sudden surges and falls in demand. The provision of loans to eligible applicants to buy flats in the private sector would help to address short-term fluctuations in demand promptly. He assured members that the Administration would carefully implement and monitor the new arrangement to avoid disruption to the property market.

26. Ms CHAN Yuen-han however took a different view and opined that the new arrangement was used to boost the property market. She asked if the Administration would phase out the production of SHO flats in the long run. DS for H (2) said that this was not the case. He stressed that the new arrangement only aimed to provide more flexibility to potential SHO flats buyers in their choice of flats and to achieve better cost-effectiveness.

27. On the affordability of loan applicants, the Principal Assistant Secretary for Housing (Housing Strategy) advised that according to information, the monthly mortgage repayment of some of the new flats in the New Territories was around \$10,000 which was well within the affordability of applicants. DS for H (2) added that many of them would prefer buying flats in the secondary market.

28. In conclusion, the Chairman expressed reservation on the proposed reduction of 6,000 SHO flats per year. He considered that a more moderate pace should be adopted, and that HA should be given discretion to adjust the number of SHO flats to be reduced taking into account the market situation.

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