

**LegCo Panel on Housing
Meeting on 4 May 2000**

**Situation Report on Redevelopment of
Shek Yam Estate Phase 2**

Purpose

This paper aims to inform Members of the latest position of the redevelopment project at Shek Yam Estate Phase 2 after the Independent Commission Against Corruption (ICAC) had arrested 16 persons for suspected corruption involving sub-standard works in the project in a four-day operation starting from 28 March 2000.

Background

2. The project is under the consultancy supervision of Messrs. Dennis Lau & Ng Chun Man Architects & Engineers (H.K.) Ltd. (DLN). The Building Contractor is China State Construction Engineering Corporation. The project comprises three sections as follows:

Section 1 - One 4-storey carpark podium with 343 carparking spaces. Work had already been completed in April 1999.

Section 2 - One 33-storey Small Households Development providing 810 flats and a commercial centre. The contractual completion date by January 2000 had already slipped.

Section 3 - Two 41-storey Harmony Blocks providing 1,518 flats to be completed by August 2000.

The Case

3. During the ICAC's operation, a total of 16 persons were arrested. These included a Clerk of Works and an Assistant Clerk of Works employed by the Consultant, DLN. Others arrested included 11 partners and directors of four sub-contractors; a company director, a manager and a former assistant general manager of an engineering company. All arrestees

have been released on bail, pending further ICAC inquiries. The Clerk of Works and the Assistant Clerk of Works have been interdicted by the Department subject to the outcome of ICAC's investigation.

4. It was alleged that sub-standard stainless steel claddings were used on the facades of the commercial centre and those involved had bribed site supervisors for covering up the substandard work. Moreover, the sub-contractors responsible for plastering, steel reinforcement fixing, formwork, concreting and plumbing works had also offered advantages to site staff who had accepted such advantages since August 1998 in return for lax supervision.

5. Non-complying works were discovered earlier during routine checking by the Housing Department before ICAC's operation. These included the use of sub-standard claddings, the prohibited use of semi-dry cement sand floor screeding, substandard concreting, formwork and steel reinforcement fixing. Appropriate action had been taken with remedial works either completed or in progress.

Building Safety

6. After the ICAC's operation, the Housing Department has started carrying out independent quality checking on the works to assess and verify the impact of the alleged corruption case on this project. Initial findings indicate that the alleged substandard works are minor in nature and would not affect structural safety. Nevertheless, all anomalies in the standard of works would have to be rectified by the contractor before contractual completion.

Completion Date

7. Slight slippage of Section 2 of the project (including the Small Households Development and the Commercial Centre) by a further two months to June 2000 is anticipated subject to the completion of outstanding remedial works. It is expected that the completion date of

Section 3 of the project (including two Harmony Blocks) and the schedule of intake of the affected residents of the redevelopment project would follow the original time-table.

Supervision and Monitoring

8. The Housing Department has in place a system of site supervision which will be further reinforced upon implementation of the 50 recommendations for enhancing building quality. Specifically, to prevent corruptive practices from happening, the Department will:

- (a) reinforce the independent checking system to ensure that the quality of work is checked and accepted in an objective way;
- (b) enhance promotion of consciousness against corruption for the front-line staff; and
- (c) review the site inspection procedures in consultation with the ICAC with a view to strengthening the preventive measures against corruption.

9. The Shek Yam Estate Redevelopment Project Phase 2 is presently under close monitoring. Further actions might be initiated upon availability of the investigation results from the ICAC and the Housing Department.

Housing Department
April 2000