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24 January 2006

Clerk
Public Accounts Committee
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong.
(Attn. Mr Colin Chui)

Dear Mr Chui,

**Follow-up to Public Accounts Committee Report No.41
Buildings Department's efforts to tackle
the unauthorized building works problem**

I refer to your letter of 11 January 2006.

As requested, I attach herewith a Review of the Co-ordinated Maintenance of Buildings Scheme 2005 for your perusal. The Chinese version of the Review will be forwarded to you separately later today. Sorry for the late response.

Should you require further information, please feel free to contact me or Mr Paul Pant at 2626 1288.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Lam Siu-tong', written over a large, light-colored scribble or background mark.

(Lam Siu-tong)
for Director of Buildings

c.c. Director of Audit

**Review of
Coordinated Maintenance of Buildings Scheme 2005
Implemented under a New Modality**

Introduction

1. This paper reports on the review on the effectiveness of the new modality of the Coordinated Maintenance of Buildings Scheme (CMBS) 2005 and summarizes the findings thereof.

Background

2. The CMBS was introduced in 2000. The main objective of the CMBS is to promote owners' awareness of their responsibilities in building maintenance. The CMBS 2005 is implemented under a new modality by enlisting the assistance of the Hong Kong Housing Society (HKHS) to provide technical and financial support to the building owners. Under the new modality, the Buildings Department (BD) remains as the lead department which is responsible for coordinating and providing requirements on improvement works from the seven participating departments to the owners and focuses on law enforcement for building safety. HKHS would take up the role of coordinating the seven participating departments and the building owners in the carrying out of the building improvement works.

3. BD has targeted 150 private buildings in two phases under CMBS 2005. The first phase consisting of 30 buildings commenced in February 2005 and the second phase for the remaining buildings commenced in April 2005. There were 71 buildings without the establishment of an Owners' Corporation (OC) before the commencement of the scheme, the percentage of which is the highest amongst the CMBS operations.

The Review

4. An interim review was carried out in November 2005 to evaluate the effectiveness of the new modality of CMBS. The scope of the interim review is, however, limited by the information available and the tasks that can be completed at such an early stage of implementation of CMBS 2005

Findings

5. Compared with previous operations, there has been a substantial saving in BD's resources in CMBS 2005. Under the new modality, BD has reduced its staff input to about 50% of that under CMBS 2000. Some of the work has then been taken up by HKHS which provides technical support to the building owners in carrying out the improvement works and helps them to resolve difficulties encountered. As incentives to carrying out the improvement works, HKHS also provides interest-free loans and subsidies for procurement of third party insurance to eligible owners.

6. Formation of OC is important for better building management and maintenance. HKHS has made significant contributions in this aspect. Within the first 6 months of the operation of CMBS 2005, owners of 10 target buildings have agreed to form OCs and three of the buildings have been issued with the certificate of registration, whereas only one OC was formed during the first 6-month period under CMBS 2000. Owners of another 36 buildings have also shown keen interest in forming OCs. Moreover, owners of some remaining buildings are actively pursuing the improvement works under the joint efforts of HKHS and their property managers.

7. As compared with the previous operations, the number of target buildings in which the first meetings with owners' to kick-start the operation can be held within the first 6 months has increased from 30 (out of 200 target buildings) in the first two CMBS to 56 (out of 150 buildings) in the 2005 CMBS.

Way forward

8. The findings of the interim review indicate that the new modality has been effective in the saving of BD's resources in providing technical support to owners. It is also effective in strengthening the support to the owners and the coordination in the arrangement for the improvement works. It is anticipated that this will contribute to achieving the objective of CMBS in educating and encouraging building owners to take better care of their buildings, as well as the smooth completion of the improvement works within the 18-month programme of CMBS 2005. The progress of CMBS 2005 and the effectiveness of the new modality would be closely monitored. Depending on the achievement in the ensuing months, the programme of CMBS 2005 will be suitably adjusted as necessary.

Buildings Department
January 2006