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17 October, 2005

Hon LAU Wong-fat,
F4-6, 1/F, Eldo Court,
Tuen Mun Heung Sze Wui Road,
Tuen Mun,
New Territories.

Dear Hon Lau,

Panel on Planning, Lands and Works

Approval of Building Plans by Private Professional

I refer to your letter of 18 July 2005 to the Financial Secretary expressing the concerns of the Panel on Planning, Lands and Works (the panel) on the study on private certification of building submissions proposed by the Task Force to Review the Construction Stage of the Development Process (the task force) and the Financial Secretary's Office's response of 24 August 2005 indicating that the task force would report on the latest developments after considering the views of the panel.

The task force has carefully considered these views and decided to suspend the preparatory work of the proposed study so as to explore the way forward with the panel. In this regard, we wish to clarify the scope and objectives of the proposed study and the position of the task force on private certification.

The task force was established in December 2004 and consists of representatives from key industry sectors including professionals, contractors, client organizations and government departments. Its task is to conduct a review of the regulatory regime governing the construction stage of the development process and to make recommendations to the Economic and Employment Council Sub-group on Business Facilitation (EECSG) on ways for speeding up the construction cycle and reducing

the cost for complying with prevailing statutory requirements. Private certification is one of the improvement measures being explored.

The task force fully agrees with the Panel's view that the statutory authority to approve building plans should not be outsourced lightly to private entities. In view of its far-reaching implications, the task force proposes to conduct the study to assess private certification holistically and to examine the key issues so as to facilitate making prudent and pragmatic recommendations on whether private certification should be further considered. The main objectives of the study are –

- to ascertain the problems arising from the existing building submission process;
- to identify the problems that can be tackled through private certification and assess the effectiveness of private certification in resolving them;
- to evaluate the benefits of private certification; and
- to assess the drawbacks, risks and issues which may affect its implementation.

I wish to clarify that the study is NOT part of the preparatory work for introducing private certification on which the task force is still maintaining an open mind. Nor will the study turn private certification into a fait accompli since the eventual decision on introducing private certification is outside the ambit of the task force. While the study includes development of solutions for the implementation issues and formulation of proposal for implementation, these are only ancillary tasks for verifying the feasibility of private certification to serve as reference in drawing up the recommendations to EECSG.

The issues highlighted by the panel will be considered under the study. With the limited resources available, the task force cannot conduct in-depth examination of these issues without the help of consultants. The task force has also considered the suggestion to consult the public and thinks that it would be more appropriate to do so after the major issues on private certification have been adequately examined.

I hope that the Panel will support the proposed study which will examine private certification as one of the important strategies for improving the regulatory regime for the construction stage of

development projects. The attention given to the recent report of the World Bank on Doing Business in 2006 is a clear reminder that continuous improvements to the regulatory regime are crucial for maintaining the competitiveness of the local economy.

We will be pleased to discuss with the Panel on the way forward on private certification.

Yours sincerely,

Francis Bong,
Chairman,
Task Force to Review the Construction Stage of
the Development Process

cc Government Economist
(Attn. Mr David Hooi)
Administration Assistant to Financial Secretary
Secretary for Housing, Planning and Lands
(Attn. Ms Olivia Nip)
Chairman, Provisional Construction Industry
Co-ordination Board