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30 May 2011

Ms Annette LAM
Clerk to Bills Committee on Buildings (Amendment) Bill 2010
Legislative Council Building
8 Jackson Road, Central

Dear Ms LAM,

**Bills Committee on Buildings (Amendment) Bill 2010
Operation Building Bright**

I refer to your letter of 28 April 2011, which forwarded the two letters from the Hon KAM Nai-wai dated 20 April 2011 (ref. CB(1)2020/10-11(01) ("the first letter") and CB(1)2020/10-11(02) ("the second letter")) to the Chairman of the Bills Committee on Buildings (Amendment) Bill 2010 (the Bill). Facts and figures relating to the building repair/maintenance projects carried out under the OBB are unlikely to be within the scope of the Bill. We are therefore providing the information requested in the ensuing paragraphs.

General

[Questions 15 to 19 of the first letter and question 7 of the second letter]

All of the 985 cases and 371 cases for which consultants and contractors had been appointed as mentioned in our reply to the Bills Committee dated 19 April 2011 (ref. CB(1)1896/10-11(02)) are either Category 1 buildings or Category 2 target buildings the repair works of

which are organized by owners voluntarily.

So far, the Urban Renewal Authority (URA) and Hong Kong Housing Society (HKHS) have respectively issued 446 and 589 approvals-in-principle to owners' corporations (OCs) which have applied for subsidies under the OBB. Separately, as at end March 2011, there were another 420 Category 2 target buildings with repair works commenced or completed by the Buildings Department (BD). The consultants and contractors who carried out the repair works in such cases were all engaged in accordance with the Stores and Procurement Regulations of the Government.

There were 40 and 13 cases recorded by the URA and HKHS respectively where non-compliance with the OBB requirements was identified and reminder letters to the OCs concerned were issued. The URA and HKHS have respectively referred 13 and 10 cases with suspected irregularities in tendering process to the Independent Commission Against Corruption (ICAC) for follow up action. Separately, there are 31 and 1 cases under the purview of the URA and HKHS where the consultant service contracts had been terminated by the OCs concerned due to non-compliance with the OBB requirements.

As regards the selection of consultants, according to the observation of the HKHS/URA, OCs/owners will take into account the scale and experience of the consultant firms; tender prices; job reference from owners of other buildings; consultant firms' past project profile, findings of preliminary surveys on the buildings; and presentation/performance in selection interviews. With the above contributing factors, which are all dependent on the individual situation of each building, it is not appropriate for the Administration or HKHS/URA to comment on why certain consultant firms are selected or not selected, as this is subject to the decision of the owners themselves. Nevertheless, we trust that the proposed expanded pool of building professionals and the market demand driven by the implementation of the Mandatory Building Inspection Scheme/ Mandatory Window Inspection Scheme would facilitate healthy competition in the market and the provision of quality building inspection and repair services.

We note the ICAC's advice that unreasonably low consultant fees may lead to increase in chance of corruption or sub-standard works. Being the implementation agents of the OBB, the HKHS and URA will ensure that OCs should follow the OBB requirements as well as the statutory requirements/ regulations in relation to selection of consultants and contractors during the organization of repair works. In case of any mis-conduct, negligence or contravention of the Buildings Ordinance (Cap. 123) catching the BD's attention during the course of carrying out of prescribed inspection or repair, the BD may instigate disciplinary or prosecution proceedings, as the case may be. So far, no suspicious connection between consultants and contractors in lining up to secure a large number of jobs has been identified.

Regarding the average number of works items involved in the OBB maintenance contracts which are overseen by the URA and the respective number of authorized persons (APs)/ registered contractors (RCs) involved in the tendering exercises of such contracts, the URA does not maintain the relevant statistics.

Tender Short-listing System

[Questions 17 and 20 of the first letter]

Among the 1 029 cases where tendering process to select consultants have commenced, 759 (74%) of them had gone through the HKHS' Tender Short-listing System (TSS) procedure. The remaining cases, which tendering of consultants had already been carried out before the issue of approval-in-principle, did not go through the TSS procedure.

The consultants/contractors listed in the TSS are those who have indicated interest to the HKHS that they would tender for old building repair projects under the OBB. The TSS is only a reference list of registered practitioners without specific vetting criteria. There are many reasons contributing to the service termination. Even those cases being referred to the ICAC are only suspected ones. Therefore, the consultants concerned should not be deprived of the opportunity of listing in the TSS.

The most up-to-dated reference lists of APs and RCs prepared by the HKHS for the purpose of TSS could be found on the following website: http://www.hkhs.com/eng/business/pm_obb_addition.asp.

Yours sincerely,



(Daniel Fong)
for Secretary for Development

c.c.
Buildings Department
Hong Kong Housing Society
Urban Renewal Authority