

YOUR REF 來函檔號： CB4/PAC/R67
OUR REF 本署檔號： L/M(8) to BD CR/4-35/2 C
FAX 圖文傳真： 2625 0324
TEL 電話： 2626 1131

9 January 2017

Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Mr Anthony CHU)

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 9 of the Director of Audit's Report No. 67

Joint-office operation on water seepage in buildings

Thank you for your letter of 19 December 2016. We are pleased to provide the following response/information as requested.

Water Seepage Source-identification Success Rate (Success Rate) (Question 1)

2. The Audit Report states that after the establishment of the Joint Office (JO) formed by the Food and Environmental Hygiene Department (FEHD) and the Buildings Department (BD), the success rate of identifying the source of water seepage had decreased progressively from 46% in 2007 to 36% in 2015. The Government, after review, summarised the major reasons of decrease as follows:

- (a) In recent years, the public has become more aware of the services provided by the JO and less tolerant of the water seepage having a lower moisture-content level. Hence, the public's demand for JO's services has increased considerably. This is reflected in the significant increase in the number of cases reported by the public from 17,405 in 2007 to 29,617 in 2015; and

(b) The BD has been conducting periodic reviews on the success rate of the water seepage cases handled by the JO. The reviews revealed that the higher the moisture-content level of the seepage area, the more the number of successful cases. In addition, the BD had recently conducted a sample survey of some 100 screen-in cases completed from 2006 to 2016 and noted that the proportion of low moisture-content cases (between 35% to 50%) has increased drastically from about 1:30 in the period from 2007 to 2009 to about 1:4 after 2009, thus leading to a decrease in the success rate.

3. To address the challenge in handling water-seepage cases at low moisture-content level, the BD commissioned a consultancy study on the latest technological methods for identifying the source of water seepage in buildings in 2014. The consultant will assess and recommend the most suitable testing methods as well as help formulate technical guidelines for use by the JO for handling water-seepage cases. This study will be completed in 2017.

Efficiency and Effectiveness in Handling Water-seepage Cases (Question 2)

4. The significant increase in the number of water-seepage case reports in recent years has resulted in a surge in JO's workload and longer time in completing the cases, especially the complicated ones. In addition, before the JO operation became a permanent arrangement in April 2014, the majority of BD JO staff were contract staff whose turnover rate was high due to grim career prospects. As a result, the work efficiency was affected and a large amount of backlog cases were created in the early stage. Besides, the manpower strength and staff's experience by then were unsatisfactory. With a more stable workforce being progressively established since April 2014, the performance of the JO has improved.

5. The guidelines about completing the investigation of water-seepage cases normally within 90 working days (i.e. about 133 calendar days) provide indicative timeframes for simple and straightforward cases where the co-operation of the concerned owners/occupiers are obtained (i.e. cases not involving any problem for investigators to gain access to the premises concerned, not involving difficulties to trace the seepage source, not involving multiple seepage sources nor multiple tests and not requiring Government Laboratory's confirmation of results

of seepage-source tests). In complicated cases (e.g. those involving more than one bathroom or several seepage locations), multiple visits for investigation and tests will be required. In some special cases, additional visits to the complainant's premises may be required for confirming the test results or monitoring any changes in the seepage condition. The actual timeframe for completing a case will vary depending on the complexity of the case, the testing methods used, and the workload and manpower situation of the JO. A case will require longer time to complete if it involves laboratory testing of samples, sub-divided flats or if an application for an entry warrant from the Court is needed.

6. The Government also finds it less than satisfactory that JO takes a long time to handle some water-seepage cases, as pointed out in the Audit Report, and agrees that there is room for improvement. In recent years, the continual increase in the cases of reports on water seepage in buildings and the uncooperative attitude of individual occupiers under complaint who rejected JO staff's entry for investigation and made unreasonable requests have led to an increase in the workload of the investigators and their time spent on paperwork, resulting in longer processing time. Nevertheless, as highlighted in paragraphs 2.15 and 2.16 of the Audit Report, JO has set reference completion timeframes for simple and straightforward cases to monitor the investigation progress.

7. To enhance the effectiveness and efficiency of JO, FEHD and BD are taking measures to enhance the Complaints Management Information System (CMIS) to improve the JO staff's efficacy in monitoring the progress of the investigations and ensuring timely actions by contractors. Moreover, in recent years, JO has been proactively seeking resources to convert the current non-civil service contract staff positions to civil service grades, in a bid to lower the turnover rates and enhance the efficiency. Besides, JO has stepped up its publicity efforts regarding the handling of water seepage in buildings, so that the public will clearly understand that proper management and maintenance of buildings are the responsibilities of every property owner. If water seepage is found in buildings, the owners should first arrange their own investigation of the cause of seepage, and co-ordinate with the occupants and owners concerned for conducting repair works as soon as possible.

Referrals of Building-safety Issues and Water Wastage (Question 3)

8. During investigation, if the JO has found that the seepage has given rise to building-safety issues and/or the seepage is originated from leaking water-

supply pipes, it will refer the cases to the responsible departments to take follow up action within their respective purview according to the inter-department arrangement. Meanwhile, the JO will continue and complete the investigations under the Public Health and Municipal Services Ordinance (Cap. 132). The respective departments will start following up the cases upon receiving JO's referral and will reply to the informants in writing direct with a copy to JO for reference. As such, the JO can check the progress of the follow-up actions from the case files.

Success Rates of Contractors (Question 4)

9. As explained in paragraph 2 above, the success rate will be affected by the moisture-content level of the cases. Hence, it is not appropriate to use the success rate for assessing the contractors' performance. For instance, as shown in Table 6 of the Audit Report, Contractor F was awarded with two contracts in 2014 but its success rate under one contract is 9% lower than the other. To assess the contractors' performance, the BD has been making reference to their timeliness in meeting the contract milestones and the quality of the contract deliverables.

Monitoring Contractors' Performance (Questions 5 – 7)

10. As explained in paragraphs 5 and 6 above, the contractors may require longer investigation time to handle complicated cases and cases with access problem. To closely monitor contractors' performance, the contractors have to submit bi-weekly progress reports and attend bi-weekly co-ordination meetings with the JO for the latter to regularly monitor the case progress and find out the reasons for slippage in progress.

11. For delays that a contractor fails to provide justifiable reasons, the BD may issue a warning letter. During the contract period, the BD issues quarterly appraisal reports on the contractor's performance and a final performance report upon completion of the contract. The BD may issue an adverse performance report to a contractor who has been issued with warning letter(s). A contractor who has been issued more than one consecutive adverse performance reports under the same contract will be suspended from bidding the BD's contracts for a certain period of time. In the past 10 years, the BD issued 28 warning letters and 3 quarterly adverse performance reports to the outsourced contractors.

12. Apart from imposing sanctions on contractors having unsatisfactory performance, the BD is exploring appropriate incentive to encourage contractors to strive more efforts to perform better, such as prompt submission of deliverables. In this connection, the BD is studying the applicability of the New Engineering Contract with pain-gain share payment method, integrating partnering to contractual relationship, etc. which is becoming common in public works projects and is being promoted to the construction industry by the Works Branch of the Development Bureau.

13. To further enhance monitoring of contractors' performance, the CMIS will be enhanced to covering case management, reminders, alerts and statistical reporting functions for Stage III investigations.

Contractors' Bi-weekly Progress Reports (Question 8)

14. As explained in paragraph 3.27(a) of the Audit Report, contractor's bi-weekly progress reports serves as a quick reference for monitoring work progress and contractors' performance during the bi-weekly co-ordination meetings. They are transient summaries of all the assignments for the contracts and the relevant information in the reports will be input to the BD JO case records. Hence, upon completion of all the assignments in a contract, the related progress reports are no longer required and will not be kept.

BD JO Case Records (Question 9)

15. These are contract based records in spreadsheet format maintained by BD JO staff to facilitate monitoring of the respective contractors' cases progress. Upon completion of all assignments in a contract, the related case records are no longer required and would not be retained. To improve the effectiveness in monitoring these cases, the CMIS will be enhanced to incorporate these case records.

CMIS (Question 10)

16. As stated in paragraph 4.17 of the Audit Report, the FEHD will make enhancements to the CMIS in collaboration with the BD in order to facilitate the

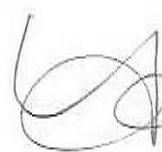
implementation of the comprehensive database system. The Working Group set up by the FEHD and the BD to implement the project is now developing the details of the enhancements and drawing up the implementation timetable.

Performance Reporting (Question 11)

17. The time taken to complete a case and the success rate of identifying the seepage source depend on case circumstances and other external factors that are beyond the control of the JO. Investigations on simple and straightforward water-seepage cases usually complete within 90 working days (i.e. around 133 calendar days). At present, JO has not set performance targets for water-seepage cases on the overall completion timeframe and the success rate of identifying the seepage sources. As mentioned in the Audit Commission's report, the absence of performance targets in these two areas is not in line with public expectations. The FEHD and the BD agree with the audit recommendation above that the performance targets of the JO should be made known to the public to enhance transparency. The two departments are now examining in depth the feasibility of formulating performance indicators for handling water-seepage cases which will be published regularly.

18. Should you have any queries, please contact the undersigned at 2626 1131.

Yours sincerely,



(T C YU)

Assistant Director/Existing Buildings 2
for Director of Buildings

c.c. Director of Food and Environmental Hygiene (Fax No. : 2524 1977)
Secretary for Financial Services and the Treasury (Fax No. : 2147 5239)
Director of Audit (Fax No. : 2583 9063)