

*Maintenance and safety-related improvements of public rental housing flats*

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**A. Introduction**

The Audit Commission ("Audit") conducted a review to examine the Housing Department ("HD")'s maintenance and safety-related improvements of public rental housing ("PRH") flats.

2. Hon SHIU Ka-fai declared that he was engaged in the trading business of construction materials, and was currently a member of the Hong Kong Housing Authority ("HA").

Background

3. HA is a statutory body responsible for implementing a public housing programme to meet the housing needs of low-income families that cannot afford private accommodation. As at 31 March 2016, HA provided 756 272 PRH flats in 215 estates. To ensure a safe and pleasant living environment for the tenants, as well as sustain the lifespan and economic value of the PRH estates, HD, as the executive arm of HA, has introduced various maintenance and improvement programmes. The recurrent expenditure of such programmes totaled about \$3,090 million in 2015-2016.

*In-flat maintenance of public rental housing flats*

4. In 2006, HA launched the Total Maintenance Scheme ("TMS") to improve the standard of maintenance within all PRH flats by proactively inspecting the in-flat conditions and providing comprehensive repair services. The objectives of TMS are to provide customer-oriented maintenance services and, together with other planned maintenance programmes, lengthen the lifespan of HA's assets. The first TMS cycle commenced in 2006 and completed in 2011, covering 177 estates at a cost of \$912 million. The second cycle was launched in 2011 with the inspection frequency revamped in 2014 under which inspections would be carried out every 10 years for estates aged between 10 and 30 years, and every five years for those estates aged over 30 years.<sup>1</sup> As at March 2016, the first five years of the second TMS cycle had been rolled out to 134 estates, with inspections and repair works completed in 120 estates at a cost of \$732 million.

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<sup>1</sup> As at 31 March 2016, there were 26 estates (90 365 flats) aged 10 years and less, 116 estates (352 231 flats) aged between 10 and 30 years, and 73 estates (313 616 flats) aged more than 30 years.

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5. To further enhance the maintenance services, HA adopted the TMS model to implement the Responsive In-flat Maintenance Services ("RIMS") progressively in PRH estates in 2008. RIMS provides a responsive, professional, and customer-oriented in-flat maintenance service to tenants' daily works requests. In 2011, RIMS was extended to all PRH flats of all estate types.<sup>2</sup> The expenditure under RIMS was \$500.1 million in 2015-2016.

*Follow-up actions on public rental housing's water sampling tests for lead*

6. In July 2015, a Legislative Council ("LegCo") Member announced that water samples from a PRH estate (i.e. Kai Ching Estate) had been found to have lead in excess of the World Health Organization ("WHO")'s provisional guideline value ("PGV").<sup>3</sup> From July to November 2015, HA and the Administration completed water sampling tests for all PRH estates and found that water samples from 11 PRH developments had lead content above the WHO's PGV.<sup>4</sup> The Administration and HA had respectively commissioned three investigations on the cause of excess lead in drinking water of PRH developments and to recommend control/monitoring measures to prevent recurrence of similar problems. The three investigations were the Task Force on Investigation of Excessive Lead Content in Drinking Water ("the Task Force"),<sup>5</sup> the Review Committee on Quality Assurance Issues Relating to Fresh Water Supply of Public Housing Estates ("the Review Committee")<sup>6</sup> and

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<sup>2</sup> The estate types include PRH/Interim Housing, Tenants Purchase Scheme, Buy or Rent Option Scheme and Home Ownership Scheme.

<sup>3</sup> WHO produces reference values on water quality and human health in the form of guidelines that are used as the basis for regulation and standard setting in developing and developed countries worldwide. PGV of lead in drinking water set out in WHO's Guidelines for Drinking-water Quality published in 2011 is 10 micrograms per litre.

<sup>4</sup> The 11 PRH developments were Ching Ho Estate Phase 1, Choi Fook Estate, Hung Hom Estate Phase 2, Kai Ching Estate, Kwai Luen Estate Phase 2, Lower Ngau Tau Kok Estate Phase 1, Shek Kip Mei Estate Phase 2, Tung Wui Estate, Un Chau Estate Phases 2 and 4, Wing Cheong Estate and Yan On Estate. They were all completed after 2005.

<sup>5</sup> The Task Force was set up by the Administration in July 2015 to carry out an investigation to ascertain the causes in relation to incidents of lead in drinking water in PRH estates, and recommend measures to prevent recurrence of similar incidents in future. The Task Force published its final report in October 2015.

<sup>6</sup> The Review Committee was set up by HA in July 2015 to review the arrangements for quality control and monitoring in relation to the installation of fresh water supply systems in PRH estates. The Review Committee published its final report in January 2016.

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the Commission of Inquiry into Excess Lead Found in Drinking Water ("the Commission of Inquiry").<sup>7</sup>

7. Both the Task Force and the Commission of Inquiry concluded that leaded solder and/or poor workmanship was the direct cause of excess lead found in drinking water in all the 11 PRH developments.<sup>8</sup> In their final reports, the Task Force, the Review Committee and the Commission of Inquiry made a number of recommendations with regard to the safety of drinking water in PRH estates and other developments in Hong Kong.

*Management of asbestos-containing materials ("ACMs") in public rental housing estates*

8. Asbestos is a proven carcinogen when inhaled. Before the health hazard of asbestos was recognized, it had been widely used for fire-proofing and insulation purposes. Legislative control over ACMs in Hong Kong is provided for under the Air Pollution Control Ordinance (Cap. 311) ("APCO") and the Factories and Industrial Undertakings (Asbestos) Regulation (Cap. 59AD). HD had banned the use of ACMs in constructing public housing since 1984 and put in place procedures in handling ACMs in 1988. It also conducted a comprehensive survey on ACMs in PRH estates in 1989. According to HD, the most common building components with ACMs were the balcony/lobby grilles and roof tiles of HA's older properties.

*Replacement of laundry pole-holders*

9. Some 550 000 PRH flats in estates completed before 2005 were installed with laundry pole-holders for drying laundry. Laundry pole-holder design had been replaced by laundry racks for PRH estates completed between 2005 and 2010 and by parallel type laundry rods for PRH estates completed from 2011 onwards. There had been safety concerns over the use of laundry pole-holders by tenants. To encourage the change of laundry pole-holders to laundry racks, HA launched in 2004-2005 a one-off subsidy scheme under which each household was only

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<sup>7</sup> The Commission of Inquiry was appointed by the Chief Executive in Council in August 2015 under the Commission of Inquiry Ordinance (Cap. 86) to ascertain the causes of excess lead found in drinking water in PRH developments, review and evaluate the adequacy of the regulatory and monitoring system of drinking water, and make recommendations with regard to the safety of drinking water. The Commission of Inquiry issued its report in May 2016.

<sup>8</sup> According to the Task Force, solder materials could seep into the pipes due to poor workmanship by overheating for an extended period of time and/or applying excessive solder.

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required to pay \$200 (about half the cost) for replacing the pole-holders with laundry racks. According to HD, up to February 2014 about 55 000 PRH flats had carried out the replacement works. To enhance the quality and safety of PRH flats, HA in February 2014 approved the replacement of laundry pole-holders with laundry racks at a total estimated cost of \$520 million.

*Enhancing fire safety of old public rental housing estates*

10. Under the Fire Safety (Buildings) Ordinance (Cap. 572) ("FS(B)O") which came into effect in 2007, owners of domestic and composite buildings with three storeys or above built on or before 1 March 1987 should comply with the specified fire safety requirements. According to HD's implementation programme in 2014, there were 62 PRH estates involving 238 034 flats built on or before 1 March 1987 which required the upgrading of their fire safety construction/fire service installations<sup>9</sup> to meet the requirements under FS(B)O. Two estates (Ping Shek and Fuk Loi) had been selected as pilot projects for fire safety construction/fire service installations, which were scheduled for completion in 2018-2019 and 2019-2020 at a total estimated cost of \$27.2 million. For the remaining 60 estates, the fire safety construction would be carried out in two phases. Phase I fire safety construction covering the blocks with slab block design in 51 estates were targeted for completion by 2020-2021. Review on budget and programme for Phase II fire safety construction covering the other blocks with non-slab block design would be conducted upon confirmation of the scope by 2016. All fire service installation works for 60 estates were scheduled for completion within Phase I. The total estimated cost of Phase I works and related consultancy fee was \$851.7 million.

The Committee's Report

11. The Committee's Report sets out the evidence gathered from witnesses. The Report is divided into the following parts:

- Introduction (Part A) (paragraphs 1 to 14);
- In-flat maintenance of public rental housing flats (Part B) (paragraphs 15 to 29);

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<sup>9</sup> Fire safety construction refers to structurally built fire safety elements. Examples are means of escape and fire fighting access. Examples of fire service installations are fire alarm system, fire hydrant and hose reel system.

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- Follow-up actions on public rental housing's water sampling tests for lead (Part C) (paragraphs 30 to 56);
- Management of asbestos-containing materials in public rental housing estates (Part D) (paragraphs 57 to 80);
- Replacement of laundry pole-holders (Part E) (paragraphs 81 to 86)
- Enhancing fire safety of old public rental housing estates (Part F) (paragraphs 87 to 95); and
- Conclusions and recommendations (Part G) (paragraphs 96 to 98).

Public hearings

12. The Committee held three public hearings on 10 and 23 December 2016 and 13 January 2017 respectively to receive evidence on the findings and observations of the Director of Audit's Report ("Audit Report").

Opening statement by Secretary for Transport and Housing

13. **Professor Anthony CHEUNG Bing-leung, Secretary for Transport and Housing**, made an opening statement at the beginning of the Committee's public hearing held on 10 December 2016, the summary of which is as follows:

- HD was managing around 756 000 PRH flats in 215 estates to meet the housing needs of low-income families that could not afford private accommodation. Proper maintenance and improvement works could keep the housing stock sustainable and also maintain its property value. Regular review of the effectiveness of the maintenance and improvement works was very important; and
- HA generally agreed with the observations and comments made by Audit. Most of the recommendations had either been implemented or would be taken on board as appropriate, and HA would continue to review the maintenance and safety-related improvement works for PRH estates for further enhancement.

The full text of Secretary for Transport and Housing's opening statement is in **Appendix 4**.

14. **Mr Stanley YING Yiu-hong, Director of Housing** also made an opening statement at the beginning of the Committee's public hearing held on 10 December 2016, the summary of which is as follows:

- the objectives of TMS were to upkeep the building conditions together with other maintenance programmes, and to provide proactive maintenance service for tenants. Corresponding to these two objectives, HD had been collecting relevant data directly to evaluate the effectiveness of TMS, which were summarized in paragraphs 2.5 and 2.6 of the Audit Report. Firstly, TMS had greatly improved the physical quality of the buildings. Secondly, the overall satisfaction rate of respondents in HD's regular customer surveys had been around 80%. HD considered that the above findings were more direct in assessing the effectiveness of TMS;
- the purpose of performance verification of surprise check was not to assess the effectiveness of the programme, but to monitor and alert staff and contractors with a view to achieving continued improvement of their quality of works through a more stringent assessment standard;
- regarding the issue of the records of inter-departmental meetings chaired by himself in reviewing water sampling tests result for lead, the Audit Report pointed out that HD had not kept meeting records for the first seven meetings held from 20 July to 7 August 2015 ("the seven inter-departmental meetings"). During the seven meetings, water samples from six affected PRH developments were discussed, including 37 samples with excess lead, and five discarded samples. While there were no records of the meetings, the raw data of the water samples discussed at the meetings were maintained by the Water Supplies Department ("WSD") and the Government Laboratory, and in emails among the departments. The relevant departments had kept records of these five discarded samples, including reasons for discarding these samples, although there was no written record of the reason for discarding one of these five samples; and
- HA had a wide range of businesses and a large portfolio. These businesses involved a large number of workflows and records. With the long history of HA, many of these records were old, and hence had created a huge "legacy" issue. HD had to study what records to keep, what technology to use and how to migrate the historical records to the new information technology systems. HD welcomed the Audit Report's discussion on various record issues.

The full text of Director of Housing's opening statement is in *Appendix 5*.

**B. In-flat maintenance of public rental housing flats**

15. The Committee noted from paragraph 2.16 of the Audit Report that the overall access rate for TMS in-flat inspections was 78.4% from 2011 to March 2016. In particular, of the 80 965 inaccessible flats, 24 455 (30%) flats were inaccessible in both the first TMS cycle and the first five years of the second TMS cycle. In this regard, the Committee enquired:

- measures to improve the access rate, including enhancements in the home visit arrangements, and inspections on Sundays and public holidays taking into account working needs of tenants during weekdays and Saturdays;
- whether consideration would be given to enhancing the linkage between TMS and RIMS so as to better make use of the opportunity arising from tenants making repair requests under RIMS to conduct TMS inspection;
- whether HD would consider introducing an incentive scheme (for example, giving awards to the block with the highest access rate) to encourage tenants giving access for inspection, and to set a performance target on access rate for TMS; and
- whether penalty would be imposed on those repeatedly uncooperative tenants, including deducting points under the Marking Scheme for Estate Management Enforcement or enforcing the Tenancy Agreement.

16. **Director of Housing** replied at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his reply dated 22 December 2016 (*Appendix 6*) that:

- HD believed that promoting participation of the scheme had to be in step with the priority of the matter. When TMS was introduced, tenants might not find their flats with maintenance or safety problems requiring inspection and repairs. The access rates achieved in the first and second TMS cycle at 77.6% and 78.4% respectively were considered relatively high. Nevertheless, HA agreed that having flats inaccessible in both two cycles was not ideal, and would explore

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various improvement measures such as better appointment arrangement, and introducing regulating measures appropriately at various degree. However, HD did not have any objective basis for setting a target of mandatory access rate in a duly responsible manner;

- TMS and RIMS were designed for different purposes. TMS was a preventive maintenance service while RIMS was aimed at providing quick responses to tenants' prompt requests. In the request for RIMS, tenants were generally concerned on whether their requested repair items could be completed expeditiously. It might cause inconvenience to them if comprehensive inspection and other repair works were conducted at the same time;
- in view of the positive feedback from tenants and the overall access rate being close to 80%, HD had not pursued any incentive scheme under the principle of best use of public resources; and
- according to HD's practice note, HD would arrange in-flat inspections on Sundays or public holidays upon request by tenants and subject to available resources. However, defect items were often found during in-flat inspections and TMS was aimed at carrying out immediate repairs in one go so as to minimize re-appointment to repair and further inconvenience to tenants. To comply with statutory requirement, no mechanical tools could be used on Sundays and public holidays for general building works unless Noise Permit had been obtained. Nevertheless, HD was open on whether to conduct in-flat inspections on Sundays and public holidays, and would review the appointment and related arrangements to cater for tenants' actual situation.

17. The Committee noted that warning letters had been issued to uncooperative tenants refusing access for in-flat inspections, and asked for the number of letters issued during the first five years of the second TMS cycle, follow-up actions taken on the remaining uncooperative tenants and the results after the issuance of warning letters.

18. **Secretary for Transport and Housing** advised in his letter dated 22 December 2016 (Appendix 6) that 872 warning letters had been issued from 2011 to 2016. Based on the nature of the scheme, HD had been adopting a persuasive approach to increase the access rate. Warning letter would not be issued when the first visit attempt failed. Three attempts to visit each PRH flat would be made by



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the In-flat Inspection Ambassadors ("IIAs"). It would then be further followed up by the Estate Office. Within six months after the completion of TMS for individual block, HD would still try to contact those inaccessible flats. Besides, reminder notices would be sent to the tenants after each attempt of visit, inviting them to make appointment with the Public Relation Officer at the ground floor lobby. Issuance of warning letters would be considered as the last resort. Estate frontline staff would consider issuing warning letters according to their individual estate situation. Through various efforts and issuance of warning letters, the overall access rate had generally been increased. As an example to illustrate the effectiveness of issuing warning letters, **Mr Albert LEE Kwok-wing, Deputy Director (Estate Management) of Housing Department** said at the public hearing on 10 December 2016 that after warning letters were issued by the Estate Office to the uncooperative tenants in Ching Ho Estate, an estate with a relatively low access rate for in-flat inspections, the access rate had significantly improved to 90%.

19. The Committee noted in paragraphs 2.19(b) and 2.22 of the Audit Report that the performance of IIAs was unsatisfactory and that their turnover rate was high, and asked the Administration how it would address the issues.

20. **Director of Housing** responded at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that a more stringent standard had been adopted to audit IIAs' service performance. The performance score of individual IIA did not meet the service standard mark of 65, probably due to the relatively high turnover rate of IIAs in TMS teams. TMS teams achieved total scores of 60 to 90 marks for each estate against the passing mark of 60. HD would continue to strengthen the training and improve IIAs' service standard. In addition, although their turnover rate was relatively high, their average tenure was over 18 months. About a quarter of them had worked for more than three years. More than 30% of the resigned IIAs were recruited by HD in other permanent posts. Besides, as the in-flat repair works were highly repetitive, new recruits of IIAs could conduct in-flat inspection and site monitoring after a short training period, and the effect of staff turnover on the overall operation was thus confined.

21. As regards the suggestions of recruiting retired persons or housewives as IIAs and converting IIA posts into civil service posts to reduce the high turnover rate of IIAs, **Director of Housing** said at the public hearing on 10 December 2016 that in the recruitment of IIAs, HD had no restriction on age or gender. Applicants would be considered once meeting the admission requirements. Regarding the conversion

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of IIA posts to permanent civil service posts, HD would need to consider the allocation of limited human resources.

22. In view of the effectiveness of education booth to promote TMS and solicit tenants' cooperation (paragraph 2.20 of the Audit Report), the Committee enquired why such booths were not set up in 22 estates under the Tenants Purchase Scheme ("TPS") and other three estates on outlying islands, and what had been done to address the concerns of the Owners' Corporations ("OCs") of TPS estates about the booths.

23. **Director of Housing** replied at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that in establishing an education booth in the common areas of a TPS estate, approval must be obtained from the OCs concerned. From past experience, various reasons had been given by OCs of TPS estates to refuse the setting up of education booths in the common areas of their estates. For the relatively smaller PRH estates on the outlying islands, the mini-version of an education booth set up next to the TMS's service counter was already effective for education and publicity purpose. HD would continue to persuade OCs to allow the setting up of education booths in TPS estates.

24. The Committee noted from paragraphs 2.28 and 2.40 of the Audit Report that works orders issued under RIMS had increased by 55% from 2011-2012 (270 815) to 2015-2016 (420 155) and that there were some repeated orders involving same works types and locations within a short period of time. The Committee enquired about the reasons for the increase in works orders under RIMS despite the implementation of TMS which aimed to provide proactive maintenance service to PRH flats, and measures to enhance the quality of contractors' repair works to ensure the prudent use of public money.

25. In reply, **Deputy Director (Estate Management) of Housing Department** said at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that:

- during the first two years after the commencement of RIMS, the volume of works in 2012-2013 increased by 19% comparing with that in 2011-2012, and 16% in 2013-2014. In 2014-2015 and 2015-2016, the increases were only 5.4% and 7% respectively. Tenants' sense of

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maintenance had been successfully raised during the early stage of the scheme but the volume of works became stable at relatively lower levels at later stage;

- reasons for the increase in RIMS works orders were ageing of PRH stock, in which the proportion of PRH stock of over 30 years old had increased from 24% in March 2011 to over 40% in March 2016, and the increase in PRH stock where the number of PRH flats had increased by 4.6% from 2011-2012 to 2015-2016;
- works items shown on works orders were general categorization descriptions which were applicable to various repair items under the same category of works. Therefore same works items involving different repair items were recorded; and
- to enhance the quality of works, HD would strictly execute the contractual requirements. Should defects be found in the material, workmanship etc., HD would immediately instruct the contractors to rectify swiftly until the required standard would be met. During the review on RIMS, HD would make use of the data in the information system to assist in trade and trend analysis, and identify suspected repetitive repair items.

26. Similarly, the Committee noted from paragraph 2.37 of the Audit Report about the unsatisfactory repair works under TMS in that from 2014 to 2016, on average, about three items of TMS repair works in each of 118 flats (89% of the 133 flats inspected) inspected by Surprise Check Teams required replacement/rectification works. The Committee enquired what measures had been taken to improve the situation and about the mechanism in place to monitor contractors' performance, including imposing penalty on persistently under-performing contractors.

27. **Director of Housing** replied at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that:

- for the 133 flats mentioned, there were about 2 800 detailed repair items. There were 385 undesirable detailed repair items which was about 14%;

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- the main purpose of the surprise check was not for measuring effectiveness, but to monitor and alert site staff and contractors with a view to continuously enhancing their quality of works. Therefore, a stringent standard was adopted;
- a mechanism on routine inspection and work certification was in place. For some crucial work procedures, 100% inspection would be conducted. Besides, sampling audits on the works and monitoring procedures would be conducted regularly; and
- HA managed the contractors through a list management system. Tendering opportunities of works contracts were based on contractors' past performance. Contractors with less satisfactory performance would have a reduced opportunity in tendering or even not eligible to submit tender. For contractors with awarded contracts, if their performance score in the Building Works Maintenance Assessment Scoring System was lower than 60 in any one of the first five quarters since contract commencement or was lower than 65 on average, the contract period of their District Maintenance Contract would be shortened from three to two years. In the past five years, there were four District Maintenance Contracts with contract period shortened from three to two years.

28. According to paragraphs 2.31 and 2.41 of the Audit Report, the Performance Verification Team conducted performance verifications of RIMS in 131 of 202 estates, 85 of them were each selected twice or more from 2011 to 2015, and yet the remaining estates were not selected within the period. In addition, there existed a great discrepancy on the ratings given by the Performance Verification Team and the In-flat Technical Teams on two works orders. The Committee enquired about the measures to improve the situation.

29. **Director of Housing** replied at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that HD adopted a risk-based sampling method and focused on those estates suspected with performance issue or with higher potential risk. Hence some estates might not be selected. HD would continue to adopt random sampling in parallel with risk-based sampling as they should be complementary to each other. In addition, RIMS had been implemented in all PRH estates with over 400 000 works orders issued each year. With the participation of a large number of In-flat Technical Teams and various local frontline

staff responsible for monitoring and final inspection of routine maintenance works, discrepancy might probably occur in output assessment. To ensure the quality and consistency of maintenance works service, HD would conduct regular performance verification, and would continue to provide training for In-flat Technical Teams to enhance their inspection skills.

**C. Follow-up actions on public rental housing's water sampling tests for lead**

30. The Committee was concerned about the omission of two non-compliant samples, thus reducing the number of non-compliant samples from 93 to 91 when the water test results were reported to LegCo and HA (paragraphs 3.5 and 3.6 of the Audit Report).

31. **Director of Housing** explained at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that six samples were taken from the non-domestic facilities in Kai Ching Estate, including the two non-compliant samples stated in the Audit Report. The water sampling tests concerned were conducted after Kai Ching Estate was already announced as an "affected estate". As the water sampling exercise for PRH estates involved a large number of water samples, in the process of collating and compiling the tallies, the two said samples were omitted from the total number of water samples found with excess lead. In spite of the said discrepancy, the information previously announced, including the total number of samples taken for PRH estates and the total number of affected PRH estates, remained unchanged.

32. The Committee expressed concern that HD had not prepared meeting notes for the seven inter-departmental meetings chaired by the Permanent Secretary for Transport and Housing (Housing) held from 20 July to 7 August 2015 to review the water sampling test results and follow-up actions to be taken. In this regard, the Committee enquired:

- whether it was a conscious decision made at the seven inter-departmental meetings not to keep meeting records;
- reasons for deviating from the practice of the Administration of keeping formal records for important meetings; and

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- how Permanent Secretary for Transport and Housing (Housing) could accurately report to Secretary for Transport and Housing the decisions and deliberations made at the seven inter-departmental meetings if no formal records were kept.

33. **Director of Housing**<sup>10</sup> replied at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that:

- the fact that there were no meeting records for the seven inter-departmental meetings was not a decision made after consideration or discussion. Director of Housing himself raised this matter at the eighth meeting, and records of the decisions of the inter-departmental meetings were maintained thereafter;
- the water sampling data and the follow-up work for estates found to have excess lead in water dealt with by the seven inter-departmental meetings were basically announced and implemented immediately after each meeting. It was not possible or necessary to announce the information and implement follow-up actions based on meeting records;
- although there were no meeting records, departments had kept the primary records of the samples dealt with by the seven inter-departmental meetings, including the reasons for discarding individual samples, and they were available for examination; and
- during the time between the inter-departmental meetings and the press conferences or publication of the press releases, the relevant departments would examine their drafts and verify the information to be announced, including the water sampling test results and follow-up actions to be taken. Permanent Secretary for Transport and Housing (Housing) would report progress to Secretary for Transport and Housing and the information to be announced to the media eventually would also be submitted to Secretary for Transport and Housing beforehand.

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<sup>10</sup> Director of Housing, in his capacity of Permanent Secretary for Transport and Housing (Housing), chaired the inter-departmental meetings to discuss and coordinate matters relating to the sampling of drinking water in PRH developments.

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34. The Committee had requested information relating to the seven inter-departmental meetings. **Secretary for Transport and Housing** provided the main documents and records of the seven inter-departmental meetings to the committee on 22 December 2016. A summary of matters discussed, decisions made and follow-up actions agreed to be taken for each meeting is provided in Appendix 6. He supplemented in his letter dated 22 December 2016 (Appendix 6) that:

- in general, the meetings took place as follows:
  - (a) before each meeting, members of the inter-departmental meeting were notified to attend the meetings by HD through email;
  - (b) the water sampling data of relevant estates were provided by WSD to members of the inter-departmental meeting before each meeting. At the inter-departmental meetings, WSD reported on the water sampling test results and provided professional advice or other supplementary information on the water sampling data. Attendees reviewed the relevant data and discussed follow-up actions; and
  - (c) in order to keep the public and affected tenants abreast of the extent of the excess lead in drinking water in PRH estates, announcements were made after the inter-departmental meetings through press conferences or press releases, providing information such as the number of samples taken for the relevant estates, and the number of non-compliant samples, as well as the follow-up actions to be taken; and
- the seven inter-departmental meetings mainly dealt with water sampling data of individual estates and the follow-up actions needed to be taken for the affected estates. The meeting basically adopted most of the water sampling test results, discussed a small number of cases among them, and discarded five samples on professional grounds. For the five discarded samples, the relevant meetings were held on 23 July and 3 August 2015, with the primary records kept by relevant departments.

Apart from HD, WSD, the Department of Health ("DH") and the Government Laboratory also provided their internal correspondence relating to the seven inter-departmental meetings to the Committee on 26 January 2017.

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35. The Committee enquired about the subject officer who should be responsible for preparing the minutes or assigning officers to prepare the minutes for the seven inter-departmental meetings, and whether other directorate officials of HD attending the meetings had taken the initiative to prepare the minutes or reminded the subject officer of the need to do so.

36. **Director of Housing** replied at the public hearing on 13 January 2017 that he himself was the subject officer and had the responsibility to prepare the minutes for the seven inter-departmental meetings. As the meetings were held at a time of "crisis", the focus of the meetings was discussing water sampling test results and appropriate follow-up actions in a prompt manner. It was only until the eighth inter-departmental meeting did he realize the need for recording the discussion and decisions made at the meeting for future reference. He admitted that it was less than satisfactory that meeting notes had not been prepared for the first seven inter-departmental meetings.

37. The Committee asked Director of Housing whether he, as an experienced government official, had chaired any other inter-departmental meetings before, and whether minutes/notes had been prepared for these meetings.

38. **Director of Housing** replied at the public hearing held on 13 January 2017 that he himself had chaired a number of other inter-departmental meetings before, and minutes/notes were usually prepared for the vast majority, if not all, of these other inter-departmental meetings.

39. The Committee noted that Deputy Director (Estate Management) of Housing Department and Ms Connie YEUNG, Assistant Director (Estate Management) 3 were present at the seven inter-departmental meetings. In reply to the enquiry of the Committee, they both said at the public hearing on 13 January 2017 that they were responsible for estate management. It had not come to their mind of the need to prepare minutes during the seven inter-departmental meetings. **Deputy Director (Estate Management) of Housing Department** added that his focus at the seven inter-departmental meetings was to provide assistance to tenants affected by the "excess lead in drinking water" incident. He was not responsible for taking minutes, and had not reminded Director of Housing of the need to prepare the minutes.



40. Noting that high-level inter-departmental meetings had been convened by the Chief Secretary for Administration to discuss the handling of the incident, the Committee requested the provision of information relating to the meetings held between July and August 2015, including the dates of meetings, agendas and discussion items of the meetings. The Committee also enquired how Permanent Secretary for Transport and Housing (Housing) reported the discussion results of the seven inter-departmental meetings to the high-level inter-departmental meetings if no meeting records had been prepared.

41. **Secretary for Transport and Housing** provided the requested information relating to the high-level inter-departmental meetings in his letter dated 22 December 2016 (Appendix 6). He said that Permanent Secretary for Transport and Housing (Housing) did not consult any senior management on the decisions made in respect of water samples at the inter-departmental meetings. The high-level inter-departmental meetings chaired by the Chief Secretary for Administration mainly coordinated the follow-up actions in relation to the incident, such as blood test arrangements for those in need, coordinating the work among different departments, etc., and did not intervene in operational matters such as water sampling.

42. As important decisions were made at the seven inter-departmental meetings on 42 non-compliant water samples, which had a significant bearing on the classification of the relevant PRH development as an affected estate or otherwise, the Committee enquired how the Administration could ensure transparency and accountability of the decisions made without formal records of the seven inter-departmental meetings.

43. **Director of Housing** replied at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that:

- it was unsatisfactory that no meeting records were maintained, but for the purpose of reporting to the public, the relevant departments had kept primary records of all of the water samples, which were available for examination;
- water samples were discarded based on objective reasons and analyses, with a view to achieving a more scientific sampling method. There was no cover-up whatsoever. At the same meeting at which the

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decision to discard these samples was made, other non-compliant samples were confirmed. Therefore, discarding these samples had no effect on the decision to announce the relevant estates as affected estates. This showed that the Administration was not trying to reduce the number of affected estates when deciding to discard individual samples; and

- as stated in the Commission of Inquiry's report, the Commission of Inquiry did not accept that HD deliberately adopted measures in order to limit the scope of the problem. The fact that once a single flat was affected, the whole estate would be classified as an "affected estate" was a cautious approach.

44. At the request of the Committee, **Secretary for Transport and Housing** provided HD's Records Management Policy in *Appendix 7*.

45. The Committee noted from paragraph 3.10 of the Audit Report that Technical Review Meetings to review preliminary results and Final Conclusion Meetings to conclude results were held on two consecutive days starting from the sixth meeting held on 6 August 2015. The Committee enquired about the rationale for adopting this arrangement and whether it would delay the implementation of follow-up actions.

46. **Secretary for Transport and Housing** replied in his letter dated 26 January 2017 (Appendix 7) that the first inter-departmental meeting was held on 20 July 2015 to review water sampling test results and coordinate follow-up actions. The date of meetings largely hinged on the progress of water sampling. After consolidating experiences, HD considered that the water sampling tests could be reviewed in a more systematic and efficient manner. Starting from 6 and 7 August 2015, HD held a Technical Review Meeting and a Final Conclusion Meeting on two consecutive days to discuss the same batch of water samples. From end-September 2015 onwards, HD started conducting water sampling for PRH estates completed before 2005. As the Task Force found that leaded solder used on water pipe joints was the cause of excess lead in drinking water, and as the water pipes in PRH estates completed before 2005 were connected mechanically and no soldering had been used in general, there would be one fewer risk factor leading to excessive lead in drinking water. Therefore, HD conducted a water screening test for PRH estates completed before 2005. Since fewer samples were involved, starting from the meeting on 30 September 2015, only Final Conclusion Meetings were held.

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47. The Committee noted from paragraph 3.25 of the Audit Report that 9.96 million bottles of bottled water were distributed to tenants at a cost of \$60 million, and enquired for cost details. **Secretary for Transport and Housing** provided the breakdown on the bottled water procured and cost details in Appendix 7.

48. The Committee noted from paragraphs 3.17 and 3.19 of the Audit Report that water sampling tests were not conducted for 54 493 PRH flats in 39 TPS estates under the ownership and management of HA. The Committee enquired about the justifications for not conducting water sampling tests for TPS estates and any follow-up actions taken to ensure the safety of drinking water for HA tenants living in TPS estates.

49. **Secretary for Transport and Housing** replied at the public hearing on 10 December 2016 and supplemented in his reply dated 22 December 2016 (Appendix 6) that the nature of TPS and Home Ownership Scheme estates was more akin to private residential buildings and the decision to conduct water sampling tests rested with the OCs concerned. Under mixed ownership of TPS estates, some units were owned by HA, while some were privately owned. In terms of estate management, the common areas in TPS estates were managed by OCs or the management committees, while the landlords were responsible for the maintenance matters inside individual units. Given the above circumstances, there were practical and technical difficulties in conducting water sampling tests for units occupied by HA tenants. As different units within the building block shared the same water supply system, the water quality inside HA rental units would be affected by the water supply system outside these units. HA did not have the right to decide on matters relating to properties which were not under its ownership. Nevertheless, the Administration believed that given the wide and sustained publicity of the incident, OCs of TPS estates along with owners of private housing had been alerted to the risk of excess lead in water and had presumably been making decisions as they deemed fit.

50. **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that the 39 TPS estates were all completed before 2005. Leaded solder used on water pipe joints was the cause of excess lead in drinking water, and as the water pipes in PRH estates completed before 2005 were connected mechanically and no soldering had been used in general, there would be one fewer risk factor leading to excessive lead in drinking water. In addition, in response to Audit's enquiries, HD had gathered that the majority of TPS estates (32 out of 39 estates) had conducted water sampling tests on their own. Among the

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remaining seven estates, two of the OCs had discussed whether to conduct water sampling tests, and decided not to do so.

51. The Committee noted from paragraph 3.15 of the Audit Report that the Administration would engage an international expert panel on developing an appropriate sampling protocol, and sought details regarding its composition, work progress, areas of expertise of individual panel members and total fees involved.

52. **Mr Enoch LAM Tin-sing, Director of Water Supplies** replied at the public hearing on 10 December 2016 and in his letter dated 22 December 2016 (*Appendix 8*) that:

- the Expert Panel was set up by the Development Bureau ("DevB") on 1 June 2016 to provide expert advice on matters including water quality standard, water quality regulatory and monitoring regime, water sampling protocol, etc. The Panel comprised three overseas members (from the United Kingdom, Australia and Canada) and two local members. The details of the expertise of individual members were provided in Appendix 8;
- as at December 2016, the Panel had held three meetings for in-depth discussions on various issues related to drinking water safety. Panel members had been briefed on the general water supply system and drinking water safety system in Hong Kong, and had conducted site visits to better understand the typical plumbing system of PRH developments and private housing estates in Hong Kong. Panel members had provided expert advice regarding drinking water safety, particularly a holistic plan including drinking water quality standards, the formulation of a territory-wide compliance monitoring programme and water safety plans. DevB and WSD were currently reviewing the advice of the Panel in consultation with the overseas expert consultants. The work progress of the Panel was satisfactory with a target to complete the work by March 2017; and
- in regard to the expenditure for the work of the Panel, a sum of \$1.2 million had been set aside in the 2016-2017 and the expenditure up to the end of October 2016 was about \$0.47 million.

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53. According to paragraphs 3.29 and 3.30 of the Audit Report, 2 138 of the 29 077 domestic premises in the 11 affected PRH developments had not been installed with water filters as at July 2016. The Committee enquired about the follow-up actions that had been done to encourage these households to install water filters, and the party responsible for the maintenance of these filters.

54. **Director of Housing** replied at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that:

- since the "excess lead in drinking water" incident, HA had been holding the contractors accountable and had requested them to install filters for households free of charge, and to replace or clean the filter cartridges for households regularly. After rectification works in the common areas and inside flats were completed, the contractors would conduct water sampling tests in accordance with the Water Authority's requirements to ensure the safety of drinking water before the removal of water filters. Prior to the removal of water filters, the contractors would continue to regularly clean or replace the filter cartridges for tenants; and
- tenants had not installed water filters for various reasons, including slower water outflow rate and some tenants could not be contacted. HD had been providing tenants with tips on the use of filters to address the reduced water outflow rate after installation of filters. As regards those households with whom HD had difficulty in getting in touch for the installation of water filter, the contractors had been trying to contact them outside working hours including Sundays. HA and the contractors would continue to communicate with tenants, including posting notices at lobbies and distributing newsletter to tenants' mailboxes to encourage households whose premises had not been installed with water filters to consider installing water filters.

55. With reference to paragraphs 3.26 to 3.28 of the Audit Report, the Committee enquired about the progress of the permanent rectification works of replacing non-compliant water pipes at the contractors' own expense in the 11 affected PRH developments, and the timetable for completion of works for common areas and inside domestic units.

56. **Director of Housing** replied at the public hearing on 10 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 22 December 2016 (Appendix 6) that the contractors had started replacing the non-compliant water pipes in the common areas of the 11 affected PRH estates since March 2016 and the progress was generally satisfactory. On the whole, the contractors had completed more than half of the works in the common areas. The actual time required for the works for each estate varied and would be subject to weather conditions, allocation of manpower and other resources, etc. Regarding works inside flats, as the furnishing and pipe routings inside tenants' flats varied from one to another, HD would conduct a trial for works inside flats to test contractors' method and the arrangements on a small scale first. A trial for works inside flats started at Lower Ngau Tau Kok Estate Phase 1 on 17 October 2016. In the light of the experience from the trial, the contractors would work out a more detailed work plan and timetable for works inside flats for the remaining affected PRH developments. HA would, in consultation with the contractors, inform tenants of the details.

**D. Management of asbestos-containing materials in public rental housing estates**

57. The Committee noted from paragraph 4.3 of the Audit Report that HA was exempted from the requirement of submitting asbestos investigation reports or asbestos abatement plans on maintenance, repair, handling or abatement of balcony/staircase asbestos cement grille panels. The Committee enquired about the mechanism for HD to monitor ACMs in PRH estates under its management.

58. **Director of Housing** replied at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (*Appendix 9*) that in 1997, the Administration exempted HA from submitting asbestos investigation reports or asbestos abatement plans on maintenance, repair, handling or abatement of six types of ACM in HA's properties under section 69(1) of APCO. HD in conjunction with the Environmental Protection Department ("EPD") and the Labour Department ("LD"), had established an inter-departmental Asbestos Working Group ("AWG") to formulate asbestos management strategies for PRH estates and compiled an Asbestos Management Manual to ensure compliance with relevant ordinances and regulations. A copy of the Asbestos Management Manual is in Appendix 9.

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59. In reply to the Committee's enquiry on the work of AWG, including the respective roles of HD, EPD and LD in the daily operational work of managing and monitoring ACMs in PRH estates, **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that HD was mainly responsible for the day-to-day management and monitoring of ACMs, while EPD and LD advised on the relevant ordinances and regulations. The terms of reference of AWG are provided in Appendix 9.

60. The Committee also noted that EPD had issued guidance on the content of the statutorily required operation and maintenance plan of ACMs, including the clear identification and labeling of ACMs. In this regard, the Committee enquired:

- whether HD had followed the guidelines to identify and label all ACMs in PRH estates;
- measures taken by HD to ensure that workers, tenants and other stakeholders were fully informed of the locations and physical conditions of ACMs; and
- whether HD had reviewed its Asbestos Management Manual after the issuance of EPD's guidelines to ensure that HD's guidelines could align with the requirements of EDP's guidelines.

61. **Director of Housing** replied at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that:

- the majority of ACMs were cementitious with asbestos fibres bonded in cement and such bonded materials had very low possibility of releasing asbestos fibres into the air. Encapsulated balcony grilles inside flats had been labeled with a triangular mark, which was agreed by AWG. There were no warning labels for the other ACMs such as staircase/lobby grilles or chimneys in PRH estates;
- HD staff were aware of the location of ACMs. They would issue works orders to maintenance contractors and monitor their works. The balcony grille encapsulation had been labeled with a triangular mark. HD had distributed pamphlets to tenants, posted notices at G/F lobbies and kept asbestos records in estate management offices.

HD had further uploaded asbestos information to the HA/HD website in 2009 for public inspection; and

- the guidelines issued by EPD under the Code of Practice on Asbestos Control were not a statutory requirement. HD had been maintaining close communication with EPD through AWG to ensure an effective ACM management mechanism would be implemented in PRH estates in accordance with the Asbestos Management Manual.

62. In reply to the Committee's concern on the proper labeling of all ACMs in PRH estates, **Director of Housing** said at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that HD would label all ACMs in the estates and the label design would follow EPD's proposed design in the guidelines. At present, HD had installed these new warning labels for all asbestos containing staircase/lobby grilles. Labels would be installed for other ACMs such as balcony grilles and chimneys in due course. HD would also implement enhancement measures in the management of ACMs in PRH estates as highlighted in paragraph 4.25(e) of the Audit Report.

63. In response to the Committee's comments that the message on ACMs warning label in EDP's guidelines should be conveyed more effectively so that tenants and workers would be alerted about the existence of ACMs and take necessary precautions, **Director of Environmental Protection** advised in his letter dated 9 January 2017 (*Appendix 10*) that the ACM warning label currently adopted by EPD was designed with reference to international standards. EPD considered that the message contained in the warning label could clearly alert all parties of the potential harm arising from asbestos.

64. According to paragraph 4.23 of the Audit Report, HD's consultant's condition surveys were conducted only once in the past five years whereas EPD's guidelines advised that a registered asbestos consultant should be appointed to carry out a comprehensive re-inspection of all ACMs at least once every two years. The Committee asked if HD would enhance its own practice in this regard.

65. **Director of Housing** said at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that as far as the monitoring of ACMs was concerned, EPD's



Code of Practice on Asbestos Control recommended inspection at least once every two years, but HA would inspect ACMs once every half year and had a three-tier monitoring mechanism. Firstly, the condition of ACMs in PRH estates was inspected through routine and half-yearly inspections. If irregularities were found, follow-up actions would be taken immediately. Secondly, random checks would be conducted to the asbestos inspection records by the Research and Development Unit. Thirdly, HD would appoint an independent registered asbestos consultant to carry out occasional review as an additional measure. The monitoring mechanism would also be discussed at AWG meetings from time to time.

66. The Committee enquired whether front-line staff had received proper training on conducting the half-yearly condition surveys and the assessment criteria adopted in determining whether ACMs were in poor condition or not to trigger further assessment, i.e. localized damage exceeded 10% of the total area or length of the ACM unit or scattered damage exceeded 5% of the total area or length of that ACM unit, were a reliable and realistic assessment of ACMs.

67. **Director of Housing** replied at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that the condition of ACMs in PRH estates was mainly inspected by the regional Assistant Clerks of Works. At the time of appointment, they were required to have obtained a diploma or higher certificate in construction studies and three years of relevant working experience. During inspections, they checked whether the damaged ACMs had exceeded 5% or 10% of the ACM area according to the Asbestos Management Manual. If there was any problem, they would report to the supervisors for further instructions. This was the first tier of ACM monitoring mechanism of HD. The 5% or 10% assessment criterion was developed by the asbestos consultants in the 1990s during compilation of the manual and had been referred to AWG for discussion and subsequent implementation.

68. The Committee noted from paragraph 4.10 of the Audit Report that there were five unannounced PRH estates/block with ACMs on the HA website and enquired for the reasons of not announcing the five estates/block and whether inspections and monitoring had been conducted on them.

69. **Director of Housing** replied at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that ACMs of the four estates (Choi Hung Estate,

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Fuk Loi Estate, Tai Yuen Estate and Long Bin Interim Housing) were located on the rooftop which was not easily accessible to the general public and residents. The Maintenance Planning and Review Committee, an internal HD senior-level committee decided to upload information on ACMs building elements to the HA/HD website at its meeting held on 29 June 2009. Although ACMs in the four estates had not been labeled, frontline staff had been conducting regular inspections and no abnormalities had been found. Inspection of these ACMs had been conducted in 2009, 2010, 2015 and 2016 and a sample report was given in Appendix 9. HD staff were also aware of the locations of ACMs, and would monitor the works of workers after the issuance of works orders to maintenance contractors.

70. The Committee also noted that Long Bin Interim Housing, one of the unannounced estates, was built in 1985, a year after HD had decided to ban the use of ACMs in constructing PRH estates. In addressing the Committee's concern about the use of ACMs after they were banned, **Director of Housing** explained at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that the office of the Long Bin Interim Housing was originally part of the former Long Bin Temporary Housing Area, which was designed and built in 1984 and was completed in 1985. Although the use of ACMs was banned by HD in 1984, some of the projects with design completed or under construction might still contain building elements with ACMs. As the former Long Bin Temporary Housing Area was demolished long time ago, relevant documents for the decision to continue the use of these materials were not available.

71. According to paragraphs 4.16, 4.27, 4.28 and 4.30 of the Audit Report, Audit's inspection of PRH estates with ACMs and review of HD's balcony repair works records revealed cases of damaged lobby grille panels/un-encapsulated balcony grille panels and unauthorized minor works undertaken by tenants in their flats which might disturb ACMs. The Committee enquired about the follow-up actions that had been taken by HD, LD and EPD in this respect and whether HD had conducted health checks for affected tenants to ascertain that their health had not been affected.

72. **Director of Housing** explained at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that HD had arranged a comprehensive review of all asbestos containing staircase/lobby and balcony grilles by a registered asbestos

consultant. The consultant considered that these cases were of a minor nature and confirmed that no follow-up works were required. Subsequently, on the advice of EPD and LD, HD had completed the remedial works. New warning labels would be installed to indicate the presence of ACMs to alert on the use with care and to avoid disturbing ACMs. In addition, HD had written to all tenants concerned and contacted them to ensure that they were aware of the impact of asbestos abatement works. HD had also liaised with DH for their professional advice. Residents were advised to consult their doctors if in doubt, and they could visit the websites of EPD, LD and DH for more information on asbestos.

73. **Director of Environmental Protection** replied in his letter dated 9 January 2017 (Appendix 10) that HD had engaged registered asbestos contractors to complete the maintenance of damaged panels in accordance with the statutory requirements and had duly followed the technical advice of EPD. EPD had also conducted spot checks during the works to ensure that the contractor completed the works in accordance with the method statements. EPD was following up with HD to strengthen the monitoring and liaison mechanism and to provide further training to HD's staff with a view to enhancing its management of the remaining ACMs in PRH estates.

74. **Commissioner for Labour** replied in his letter dated 12 January 2017 (*Appendix 11*) that LD was responsible for enforcing the Factories and Industrial Undertakings (Asbestos) Regulation for the protection of the health of contractors' workers in conducting asbestos works. LD had examined all relevant cases mentioned in the Audit Report, and embarked on follow-up actions to ascertain if the requirements of the said Regulation were observed and the workers concerned properly protected. It was noted that most cases involved works projects done in earlier years, and the bar date of six months for taking prosecutions should already have expired even if the concerned contractors were found to have violated the said Regulation. LD had taken appropriate follow-up actions, which were detailed in Appendix 11.

75. In addition, **Commissioner for Labour** further advised in the same letter that LD was actively coordinating with HD in its follow-up actions on the Audit Report, and would keep working closely with different stakeholders, including the Pneumoconiosis Compensation Fund Board and Occupational Safety and Health Council, in organizing various programmes to raise the awareness of contractors and their workers, relevant employers' associations, etc. on ACMs and relevant health hazards.

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76. The Committee sought explanation of Case 3 in paragraph 4.34 of the Audit Report that a chimney with ACMs in poor condition was not properly recorded and followed up.

77. **Director of Housing** explained at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that the chimney was a property of a restaurant licensee. As the chimney was installed at the exterior of the building, it had been inspected by HD to ensure that it was in good condition, and letters were sent to the licensee on 14 and 17 January and 3 May 2011 advising him to employ a qualified contractor for the damaged chimney. As the chimney was owned by the restaurant and the licensee was responsible for employing contractors to carry out the removal works, HD had no obligation to supervise the works of the contractors to ensure that they met all statutory requirements. Nevertheless, HD agreed with Audit's recommendation that HD had a monitoring role to ensure that works carried out by third parties in its managed estates would be carried out safely. HD would strengthen the monitoring and control of works involving ACMs in PRH estates undertaken by third parties in future to ensure that such works would not undermine tenants' and workers' safety.

78. In response to the Committee's enquiry regarding the follow-up actions taken on the above chimney case, **Director of Environmental Protection** replied in his letter dated 9 January 2017 (Appendix 10) that in July 2011, the tenant removed the chimney whilst EPD did not receive any notification from registered asbestos contractors on the removal of the chimney. The tenant therefore might have contravened APCO. Given that the responsible person of the tenancy already passed away in 2012 whilst the case came to EPD's notice last year, no prosecution action could be taken on the case. EPD was liaising with HD on strengthening the monitoring and control of the remaining asbestos-containing chimneys in PRH estates, clarifying the responsibilities of the owners of these chimneys and reminding them of the statutory requirements on asbestos abatement works. Moreover, EPD was taking follow-up action with HD by requiring chimney owners to give notification to EPD before carrying out works involving ACMs in PRH estates to prevent the recurrence of similar incidents.

79. According to paragraph 4.15 of the Audit Report, Audit's examination revealed that some ACM records which had been used by HD staff for conducting condition surveys were inaccurate. The Committee enquired about measures HD had taken to ensure that records on ACMs were up-to-date and properly maintained.

80. **Director of Housing** explained at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that in the past, HD used to convey ACM records in writing. As a result, some frontline staff might not fully understand the location of ACMs. HD had re-examined all asbestos records in estate management offices and adopted a pictorial format for public inspection at ground floor lobbies in PRH estates. In addition, HD reviewed and updated information of ACMs from time to time. Registered asbestos consultants would be appointed to provide technical assistance on asbestos issues. In 2016, HD instructed a registered asbestos consultant to conduct a comprehensive inspection of ACMs in PRH estates.

#### **E. Replacement of laundry pole-holders**

81. According to paragraph 5.4 of the Audit Report, HD could not provide the number of laundry racks installed in the second phase of the 2004-2005 subsidy scheme for replacing laundry pole-holders. The Committee asked how HD could enhance its record-keeping system, such as deploying information technology in collating and compiling statistics.

82. **Director of Housing** explained at the public hearing on 13 January 2017 and **Secretary for Transport and Housing** supplemented in his letter dated 26 January 2017 (Appendix 7) that:

- the laundry racks under the 2004-2005 subsidy scheme were installed more than 10 years ago. All applications and records of laundry rack installation under the scheme were kept in respective estate management office;
- in order to project the number of racks in phase two of the scheme, HD compiled statistics on the number of applications received from tenants for each estate in 2004. After that, HD had not conducted similar statistical exercise. Therefore, statistics on the aggregate number of laundry racks installed under phase two of the scheme were not readily available. Nevertheless, the records of laundry racks installation of each estate had been kept in respective estate management offices; and
- during replacement of laundry pole-holders in 2014, HD had taken various measures to enhance the record keeping and work progress monitoring in respect of laundry rack installation and sealing-up of the

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pole-holders. Project teams in respective estate management offices were required to update and report the progress of work regularly. The information was then consolidated to establish a database with records of laundry rack installation to facilitate future monitoring. Upon completion of batch one of laundry rack replacement programme, HD would review the effectiveness of current monitoring mechanism.

83. According to paragraph 5.9 of the Audit Report, HD conducted a review of the laundry pole-holder in 2013, nine years after the 2004-2005 subsidy scheme. The Committee enquired about the reason for triggering the review.

84. **Secretary for Transport and Housing** replied in his letter dated 26 January 2017 (Appendix 7) that HA took a proactive and pragmatic approach to enhance the existing laundry facilities of PRH estates whenever resources allowed. In some Estate Improvement Programmes, the proposal of comprehensive replacement of pole-holders with laundry racks by HD free of charge as landlord's provision was welcomed by tenants and other stakeholders. Therefore, HD conducted a review of laundry facilities and launched a programme in 2014 for replacement of laundry pole-holders.

85. Regarding delays of some replacement works of the laundry pole-holders beyond their original completion dates, the Committee enquired about the reasons for the delays and follow-up actions taken by HD.

86. **Secretary for Transport and Housing** replied in his letter dated 26 January 2017 (Appendix 7) that as at 31 December 2016, there were completion delays in three works contracts which were mainly due to the contractors' deficiencies in works management. HD had taken actions against the contractors concerned under the provisions of the contracts, including issuing warning letters and adverse reports and claiming liquidated damages.

**F. Enhancing fire safety of old public rental housing estates**

87. The Committee noted from paragraphs 6.14 and 6.15 of the Audit Report that the progress of implementing FS(B)O was slow, and the Fire Services Department ("FSD") and the Buildings Department ("BD") failed to reach an

agreement on the vetting/formal acceptance of HD's fire safety improvement proposals after rounds of discussion. The Committee enquired about the reasons of the delay and the timetable for implementing the fire safety construction works for all PRH estates.

88. **Director of Housing** replied at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that:

- in 2008, the three departments, namely, HD, BD and FSD started to explore ways for HA to proceed with implementing FS(B)O. With more than 60 estates of different building design and a substantial number of blocks for each building design, it took a relatively longer time for the three departments to come to an agreement in adopting a prototype approach to facilitate the implementation of FS(B)O;
- after reaching the agreement, HD proceeded to arrange the fire safety improvement proposals through the prototype approach. The longer time involved in processing the prototypes was due to the need to take into account by the HD's consultant the likely effect on tenants and site constraints of existing buildings in preparing the proposals, the large number of housing blocks involved, a high degree of technical complexity and the time required by enforcement authorities in vetting the proposals. In fact, after the prototypes had been accepted, HD still needed to submit fire safety improvement proposals of each individual estate to the enforcement authorities for vetting and formal acceptance;
- HD, BD and FSD had recently reached an agreement on the arrangement for the acceptance of fire safety improvement works; and
- as at December 2016, three prototypes (Slab, Tower and H) had been accepted while the remaining four prototypes (Ziggurate/Trident, Linear, Cruciform 1 and 2) were being processed. The works for Fuk Loi Estate and Ping Shek Estate would commence for completion by 2020, while submission of the fire safety improvement proposal for each individual estate of the remaining estate to the enforcement authorities would be required after acceptance of prototypes. Hence it was not suitable for developing a concrete timetable for execution of works at this moment.

89. The Committee noted from paragraph 6.10(d) of the Audit Report that the review on budget and programme for Phase II fire safety construction works for the remaining 214 blocks would be conducted upon confirmation of the scope by 2016. The Committee enquired when such review would commence and the plan for implementing works for the remaining non-typical PRH blocks.

90. **Director of Housing** replied at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that HD had sought approval from the Building Committee of HA to carry out fire safety improvement works in two phases with Phase I covering Slab Blocks and Phase II covering buildings of the remaining block types. However, as most PRH estates consisted of more than one block type, HD would carry out improvement works on an estate basis instead of in two phases based on block types. Since the scope of works could only be ascertained upon the acceptance of the fire safety improvement proposals by the enforcement authorities, HD would regularly review the budget and programme for the works and seek approval from the Building Committee of HA in due course. In addition, HD had already included the estates with blocks not falling under the seven prototypes into the consultancy studies. After acceptance of the prototypes, fire safety improvement proposals for these estates would be submitted to the enforcement authorities for vetting and formal acceptance.

91. The Committee was concerned that the delay of implementing FS(B)O would undermine fire safety of the concerned PRH estates, and enquired whether alternative fire safety enhancement measures would be implemented in the interim before the full implementation of FS(B)O.

92. **Director of Housing** replied at the public hearing on 23 December 2016 and **Secretary for Transport and Housing** supplemented in his letter dated 9 January 2017 (Appendix 9) that the purpose of FS(B)O was to enhance the fire safety level of some existing old buildings. HD had been carrying out various kinds of fire safety improvement works to strengthen the fire safety measures in PRH estates aiming at compliance with FS(B)O voluntarily. These works included replacement of flat entrance doors, protection to uPVC pipes with fire collars in common areas, installation of fire rated doors at services rooms, installation of battery-type emergency lighting and automatic sprinkler system. In addition, HA would continue to implement quality fire safety management system, details of which were given in Appendix 9.



93. **Mr HUI Siu-wai, Director of Buildings** and **Mr Daryl LI Kin-yat, Director of Fire Services** supplemented in their letters dated 9 January 2017 (*Appendices 12* and *13* respectively) that the fire safety provisions in existing PRH blocks met the prevailing safety standard at the time of their construction. Therefore, the existing PRH blocks were basically safe from the fire safety point of view. Both BD and FSD had collaboratively provided assistance and advice to HD with a view to ensuring that the enhancement of fire safety standard in the concerned PRH blocks was being carried out efficiently.

94. According to paragraphs 6.20 and 6.21 of the Audit Report, both Director of Buildings and Director of Fire Services agreed with Audit's recommendations that they should work in collaboration with HD to ensure that fire safety improvement works for meeting the FS(B)O requirements in PRH estates were efficiently vetted and formally accepted. The Committee asked about the measures carried out by BD and FSD.

95. **Director of Buildings** and **Director of Fire Services** replied in their letters dated 9 January 2017 (*Appendices 12* and *13* respectively) that to assist HD in implementing FS(B)O in PRH blocks smoothly, inter-departmental meetings amongst HD, BD and FSD had been held regularly. FSD would continue to provide assistance and advice to HD regularly on fire safety improvement proposals, and conduct acceptance inspection upon completion of such works by HD. In addition, FSD and BD had agreed on the streamlined vetting procedure during the inter-departmental meetings, and therefore the vetting process would be shortened and conducted more efficiently.

## **G. Conclusions and recommendations**

<b>Overall comments</b>
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96. The Committee:

- notes that the Hong Kong Housing Authority ("HA") and the Housing Department ("HD"), as an executive arm of HA, should effectively manage and maintain the stock of public rental housing ("PRH") estates to sustain their lifespan and economic value, and owe a duty of care to their tenants and stakeholders;

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- stresses that as the subjects covered in this Chapter involve the safety and well-being of tenants of PRH estates, the Committee has spent considerable time to consider the evidence given by witnesses to ascertain the facts of the irregularities and deficiencies revealed in the Director of Audit's Report ("Audit Report"), and recommends improvement actions in a forward-looking manner;

Follow-up actions on public rental housing's water sampling tests for lead

- is strongly of the view that HD should:
  - (a) exercise good governance in handling crisis such as "excess lead in drinking water" effectively;
  - (b) adhere to the principle of keeping information open and transparent, and complying with HD's records management policies in making and preserving authentic, reliable, usable and complete records for public inspection, protecting vital records for future references and maintaining an accurate records inventory for efficient information management;<sup>11</sup> and
  - (c) adopt a people-oriented approach in addressing the "excess lead in drinking water" incident which adversely affects the health of tenants;
- reiterates that HA together with HD, as the landlord and PRH estates developer and manager, should exercise a duty of care towards all tenants of PRH and Tenants Purchase Scheme ("TPS") estates in relation to the supply of safe drinking water;
- expresses alarm and strong resentment, and finds it unacceptable about HD's negligence and lax attitude in coordinating, managing and handling of information relating to the water sampling tests in PRH developments, reflecting the department's poor governance and was contradictory to the principles of maintaining proper records and keeping information open and transparent as evidenced by the following:

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<sup>11</sup> Paragraphs 3 and 11 of the Appendix to the "Housing Department Records Management Policy" (Departmental General Circular No. 2/2013), and paragraph 6 of the "Mandatory Records Management Requirements" (General Circular No. 2/2009). Both circulars are provided in Appendix 7.

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- (a) HD had not prepared minutes/meeting notes for the first seven inter-departmental meetings held from 20 July to 7 August 2015 to review the water sampling test results ("inter-departmental meetings"). By the following reasons, it was unsatisfactory that minutes/meeting notes were not prepared:
- during the seven meetings, decisions were made on the handling of water sampling test results, including 37 non-compliant samples and five discarded samples. Such decisions had implications on the classification of a PRH estate as an affected development or not;
  - formal minutes/meeting notes recording the attendees of the meetings and process of deliberations and discussions were not kept, therefore undermining transparency and accountability of the decisions made at the meetings;
  - it was a deviation from the Administration's long-standing practice of good governance of keeping formal minutes/meeting notes for important meetings in which important decisions and follow-up actions were required; and
  - no attempts were made by HD to compile post-meeting notes or action lists to facilitate references by the departments attending the inter-departmental meetings in future on the decisions made and actions to be taken; and
- (b) HD's inadvertence in the compilation and validation of sampling test results data, resulting in the omission of two non-compliant samples when reporting the water test results to the public. The total number of non-compliant samples for the 11 affected PRH developments should have been 93 instead of 91. Notwithstanding that the omission did not affect the total number of estates classified as affected PRH developments, information on the water sampling test results was important for the public's understanding of the extent of the problem;
- expresses grave dismay and finds it inexcusable that Director of Housing,<sup>12</sup> being Chairman of the inter-departmental meetings and the

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<sup>12</sup> Director of Housing, in his capacity of the Permanent Secretary for Transport and Housing (Housing), chaired the inter-departmental meetings to discuss and coordinate matters relating to the sampling of drinking water in PRH developments.

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subject officer in handling excess lead in drinking water in PRH estates, had not fulfilled his role in ensuring that the relevant deliberations and decisions were recorded for the seven inter-departmental meetings;

- is unconvinced and finds it unacceptable by the Director of Housing's explanation that he did not realize the need to prepare minutes/meeting notes until the eighth inter-departmental meeting, but not for the first seven ones, given that he was an experienced government official having chaired a number of other inter-departmental meetings before and, as he explained at the public hearings, it had been a practice that minutes/meeting notes would be prepared for the vast majority, if not all, of these other inter-departmental meetings;
- expresses great dissatisfaction and disappointment that other directorate government officials of HD who had been present at the first seven inter-departmental meetings neither took the initiative to assist Director of Housing in preparing minutes/meeting notes for those meetings nor reminded Director of Housing of the need to do so;
- finds it unacceptable and inexcusable that HA, together with HD, had not adopted a people-oriented approach when it decided not to conduct water sampling tests for 54 493 PRH flats in 39 TPS estates under the ownership and management of HA. HA, together with HD failed to fulfill a duty of care towards tenants of TPS estates impartially as with tenants of other PRH developments in ensuring the safety of drinking water;
- expresses concern about the slow progress of rectification works to replace non-compliant pipes in the common areas of 11 affected PRH developments, which ranged from 18.5% to 45.6% only as at July 2016, and that there was no definite timetable for completion of rectification works for common areas and inside domestic units;
- strongly urges and cautions HD to:
  - (a) take measures to ensure that minutes/meeting notes on all discussions in respect of water sampling matters as well as other important matters are maintained to support evidence-based decision making;

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- (b) strengthen data validation so that information provided to the public is accurate and complete; and
- (c) expedite the rectification works to replace non-compliant pipes in the common areas and within domestic flats;

Management of asbestos-containing materials ("ACMs") in public rental housing estates

- stresses that HD has an essential duty in protecting and safeguarding the health and well-being of its tenants, workers and other stakeholders;
- given the carcinogenic nature of asbestos, finds it appalling and inexcusable that HD had not taken adequate and effective safeguards to protect tenants, workers and users of the premises from the potential hazards of ACMs in PRH estates, as evidenced by the following:
  - (a) although the Environmental Protection Department's guidelines had advised that all ACMs should be properly labelled, warning labels were not used by HD to alert tenants to the existence of ACMs in staircase/lobby grilles or chimneys in PRH estates. The Audit Commission ("Audit")'s examination revealed that there were cases of lobby grille panels/balcony grille panels being damaged, and that tenants had undertaken unauthorized minor works in their flats, which implied that uninformed tenants or workers could have accidentally damaged or disturbed ACMs and thus exposed themselves to health risks;
  - (b) in-flat inspections of balcony grille panels were inadequate as they were not covered in the half-yearly condition surveys and would only be inspected at external elevation, during vacant flat refurbishment or upon request for in-flat repair (i.e. Responsive In-flat Maintenance Services ("RIMS")) and during Total Maintenance Scheme ("TMS") in-flat inspections. For example, from 2010 to 2013, for Hing Wah (II) Estate, in-flat inspections only covered 13% of the 2 009 flats with ACMs in balcony grilles, and no in-flat inspection result had been reported in 2014 and 2015; and
  - (c) uninformed tenants carrying out unauthorized minor works or uninformed workers or contractors carrying out repair and maintenance works involving ACMs might expose them to the

risk of committing the relevant offence(s) under the Air Pollution Control Ordinance (Cap. 311) ("APCO") and the Factories and Industrial Undertakings (Asbestos) Regulation (Cap. 59AD);

- is surprised and finds it unacceptable about HD's management and maintenance of information and records relating to ACMs that they were not accurate and up-to-date for use by estate management staff in their daily inspections and monitoring, and that HD had not ensured that information on the locations of ACMs was made easily available to the public:
  - (a) there was no comprehensive survey on ACMs in PRH estates conducted by asbestos consultants in the period between 1989 and 2016. Records on the locations and conditions of ACMs were maintained and updated by estate management staff only during this period;
  - (b) Audit's examination revealed that there were cases where records maintained and managed by estate management offices were not accurate and complete, thus rendering HD ineffective in its monitoring of ACMs in PRH estates;
  - (c) five PRH estates/block with ACMs were not uploaded onto HA's website or covered by HD's half-yearly condition surveys. As these estates were not publicly announced and not monitored by regular half-yearly surveys, their conditions might have deteriorated and workers might not be fully aware of the existence of ACMs to exercise due care when carrying out maintenance works; and
  - (d) information on HA's website regarding ACMs in PRH estates did not contain sufficient details about the exact locations of ACMs and tenants still needed to approach the estate offices concerned to ascertain whether their flats had ACMs or not; and
- strongly urges and cautions HD to:
  - (a) take measures to ensure that all tenants, workers and stakeholders are fully informed of the locations of ACMs through effective dissemination channels and have all ACMs properly labelled;

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- (b) closely monitor the extent of in-flat inspections to ensure an adequate coverage of all ACM balcony grilles; and
- (c) review the mechanism of maintaining and updating of ACMs records to ensure that they are accurate and complete.

<b>Specific comments</b>
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97. The Committee:

In-flat maintenance of public rental housing flats

- expresses grave concern that HD fails to discharge its property management duties effectively to ensure that the stock of PRH estates are sustainably maintained in an efficient and cost-effective manner:
  - (a) HD was complacent about the access rate of TMS in-flat inspections<sup>13</sup> and had not taken adequate and effective measures to improve the access rate:
    - 80 965 (21.6%) of 375 703 flats were inaccessible for inspection in the first five years of the second TMS cycle. Among them, 24 455 (30% of the 80 965) were also inaccessible in the first cycle;
    - only 872 warning letters were issued to uncooperative tenants between 2011 and 2016, and no consideration had been given to imposing more stringent penalty towards repeatedly uncooperative tenants;
    - inspections on Sundays and public holidays could only be arranged by appointment subject to resource availability without taking into account the working needs of tenants during weekdays and Saturdays;
    - no efforts had been made to enhance the linkage between RIMS and TMS so that information could be shared between

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<sup>13</sup> The access rate for TMS were 77.6% for the first TMS cycle and 78.4% for the first five years of the second TMS cycle.

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the two programmes to better make use of the opportunity arising from tenants making requests for repair works under RIMS to conduct TMS inspection. For example, for 300 flats which had not been inspected under TMS from 2011 to 2014, no comprehensive in-flat inspection was conducted even when the tenants concerned subsequently made requests for repair works in their flats under RIMS; and

- in spite of the effectiveness of education booth in promoting TMS, education booths were not set up in 25 (19%) estates, of which 22 were TPS estates and three were on outlying islands; and
- (b) HD failed to ensure that public money on TMS and RIMS was well spent in maintaining and improving the quality of PRH flats:
- the aim of TMS was to proactively improve the conditions of PRH flats so that once the TMS repair works for a PRH flat were completed, the same flat would not need to undergo major repairs under RIMS in the following years. The high cost of TMS was considered justifiable by HD as it reflected the cost of providing proactive and prompt services.<sup>14</sup> Despite the implementation of TMS, both the number of works orders and maintenance costs under RIMS had been on a rise:
    - (i) the number of works orders issued under RIMS had increased by 55% from 270 815 to 420 155 between 2011-2012 and 2015-2016; and
    - (ii) average maintenance cost per PRH flat under RIMS had been increasing from \$297 in 2011-2012 to \$664 in 2015-2016;
  - HD's periodic checks revealed unsatisfactory contractors' repair works. Of 133 flats selected for checking from 2014 to 2016, 118 (89%) flats had 385 items of unsatisfactory TMS repair works requiring replacement/rectification works;

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<sup>14</sup> Average maintenance cost per inspected flat was \$1,946 in the first TMS cycle and \$2,484 in the first five years of the second TMS cycle.



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- in HD's audits of TMS teams' performance during 2012-2013 to 2015-2016, low scores were generally given to the in-flat inspection and maintenance service process. For example, in 20 (67%) of 30 estates covered by HD's performance audits, the average number of flats inspected by TMS teams could not meet the inspection standards;
  - as revealed by HD's performance verifications, only 25 (8%) estate offices of 304 selected estates from 2011 to 2015 could meet all nine RIMS service standards; and
  - the quality of RIMS repair works was generally unsatisfactory and on a deteriorating trend. For example, in respect of workmanship, 349 (65%) of 535 estate works orders checked by HD from 2011 to 2015 required partial or complete replacement/rectification works. The percentage of estate works orders requiring partial or complete replacement/rectification works increased from 50% in 2011 to 88% in 2015;
- urges HD to:
- (a) step up measures to improve the access rate of TMS inspections, including issuing more warning letters, consider allocating more resources for conducting TMS inspections on Sundays and public holidays and imposing penalty on repeatedly uncooperative tenants and employing information technology to analyze cases of unsuccessful visits to formulate suitable follow-up actions;
  - (b) ascertain the reasons for the increase in works orders under RIMS; and
  - (c) strengthen inspections and monitoring of contractors' repair works to ensure that their quality is up to standard, and consider taking actions against contractors with a history of sub-standard performance;
- notes that Director of Housing has generally agreed with Audit's recommendations in paragraphs 2.24, 2.32, 2.42 and 2.47 of the Audit Report;

Follow-up actions on public rental housing's water sampling tests for lead

- expresses grave concern and disappointment that:
  - (a) there was inadequacy in the sampling protocol adopted by the Water Supplies Department ("WSD") in 2015 as pointed out by the Commission of Inquiry into Excess Lead Found in Drinking Water ("the Commission of Inquiry"). A retesting of drinking water of all PRH estates using an appropriate protocol could point to the need for further measures to be taken to safeguard tenants' drinking water safety;
  - (b) as at July 2016, 2 138 (7.4%) of 29 077 domestic premises in the 11 affected PRH developments had not been installed with water filters provided by the contractors concerned because some households had refused to install filters or returned filters after use or could not be contacted for arranging the installation works; and
  - (c) while the current plan of HD was to replace the non-compliant water pipes inside domestic units of the 11 affected PRH developments after the completion of rectification works for those in the common areas, as at July 2016, the progress of works in the common areas ranged from 18.5% to 45.6%. There was no target date for completing the replacement of non-compliant water pipes in the common areas;
- notes that:
  - (a) Director of Housing has agreed with Audit's recommendations in paragraph 3.31 of the Audit Report;
  - (b) as at October 2016, the rectification works in the common area of Kwai Yuet House at Lower Ngau Tau Kok Estate Phase I had been substantially completed and a trial for works inside flats to test contractors' method would be conducted in this estate;
  - (c) Director of Water Supplies has agreed with Audit's recommendation in paragraph 3.32 of the Audit Report; and
  - (d) WSD has commenced follow-up work on the recommendations of the Commission of Inquiry, including engaging expert consultants

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to conduct a study on developing an appropriate sampling protocol which is targeted to be completed by March 2017;

- demands that Director of Housing should reconsider conducting water sampling tests/screening tests for PRH flats in TPS estates and other estates under HA's ownership and management if the Owners' Corporations concerned have not done so;

Management of asbestos-containing materials in public rental housing estates

- is surprised and finds it unacceptable that:
  - (a) among the five unannounced PRH estates/block with ACMs, a single-storey structure in the Long Bin Interim Housing with ACMs was built in 1985, after HD's ban on the use of ACMs in 1984;
  - (b) six cases of damaged balcony grille panels with ACMs in Hing Wah (II) Estate and Shek Lei (II) Interim Housing and two cases of damaged lobby grille panels with ACMs on two floors of Hing Wah (II) Estate were found by Audit in 2016. While the nature of these damaged parts suggested that there could be damage beneath the surface, these cases had not been reported in HD's condition surveys from 2010 to 2015 under its existing assessment criteria (which were based on the length and surface area of the damage). There was a risk of exposure to asbestos for workers/tenants nearby when the damage was inflicted;
  - (c) the repair and encapsulation works of an asbestos-containing balcony grille panel of a flat in Hing Wah (II) Estate carried out by HD's contractor might not have complied with the requirements of APCO or HD's Asbestos Technical Guides. The case indicated that HD front-line staff concerned did not have adequate training/alertness in handling repair works in PRH estates with ACMs despite HD's undertaking to enhance staff training in monitoring and handling asbestos in 2009;
  - (d) a damaged chimney with ACMs in an estate was suspected to have been removed by the chimney owner without complying with the APCO requirements. There was a risk that workers and

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nearby tenants had been exposed to asbestos during the removal process; and

- (e) the information provided to the Legislative Council Panel on Housing in February 2007 that ACMs inside PRH flats had either been removed or properly encapsulated was not consistent with Audit's findings that two cases of un-encapsulated ACM in balcony grille panels had existed up to 2013 and 2015. According to HD's 1990 records, ACM balcony grille panels of 15 flats in Hing Wah (II) Estate had not been fully encapsulated due to access problems. While in-flat inspections by HD's asbestos consultant in 2016 revealed that they had been fully encapsulated, there was no record to show whether the encapsulation works had been carried out in compliance with APCO requirements/HD's laid-down procedures;

- notes that:

- (a) Director of Housing has agreed with Audit's recommendations in paragraphs 4.24, 4.35 and 4.40 of the Audit Report;
- (b) HD has been working with relevant government departments to identify issues and act on them as soon as possible; and
- (c) Director of Environmental Protection and Commissioner for Labour have agreed with Audit's recommendations in paragraphs 4.41 and 4.42 respectively of the Audit Report;

Replacement of laundry pole-holders

- expresses grave concern and dissatisfaction that:

- (a) HD had not carried out a post-implementation review of the 2004-2005 subsidy scheme for replacing laundry pole-holders. HA's Subsidised Housing Committee was not informed of the achievement of the scheme until 2014 when its endorsement was sought for the 2014 programme for replacing laundry pole-holders by laundry racks;
- (b) only about 10% of some 550 000 PRH flats with laundry pole-holders had been installed with laundry racks under the 2004-2005 subsidy scheme or by the tenants themselves, which

was far less than the estimated 30% stated in the 2004 Subsidised Housing Committee's paper. According to HD, from 2004 to 2014, there were some seven accidents involving seven fatalities and one injury likely due to the incautious use of laundry poles;

- (c) while the 2014 programme was launched to replace laundry pole-holders over three years, the progress as at 31 July 2016 was behind schedule. Of the 42 estates reported having completed works or with planned works schedules which had expired, the laundry rack installation works for 2 702 opted-in flats in six estates and the pole-holder sealing-up works for 4 801 opted-out flats in 10 estates were still outstanding. Of the 15 estates with works due for completion from August to September 2016, six estates had 75% of their opted-in flats pending laundry rack installation works and 10 estates had 76% of their opted-out flats pending pole-holder sealing-up works;
  - (d) while the Subsidised Housing Committee was informed that for tenants who did not opt for a new rack, the laundry pole-holders of their flats would be sealed up to avoid further use, Audit's sample check of some flats on two estates reported by HD to have completed or almost completed the sealing-up works for their opted-out flats revealed 167 cases of partially sealing up of/unsealed laundry pole-holders as at 31 July 2016; and
  - (e) in September 2016 (two years after the launch of the 2014 programme for replacing laundry pole-holders), HD obtained the endorsement of the Subsidised Housing Committee to provide laundry rods at the living room facade for specified blocks. According to HD, some tenants of the specified blocks considered the location of the laundry facilities at the re-entrants undesirable due to inadequate sunlight and natural ventilation, and cooking fumes emitted from kitchens. Some also considered that the laundry provision was inadequate due to the limited space of the re-entrants;
- notes that Director of Housing has agreed with Audit's recommendations in paragraph 5.21 of the Audit Report;

Enhancing fire safety of old public rental housing estates

- expresses grave concern and dissatisfaction that:
  - (a) while fire is a risk for the densely populated PRH estates, up to August 2016, nine years after the Fire Safety (Buildings) Ordinance (Cap. 572) ("FS(B)O") came into effect, fire safety improvement works for the 64 PRH estates had not been fully completed for compliance with the relevant requirements of FS(B)O. In particular, the progress in respect of fire safety construction was slow. Phase I fire safety construction works in 51 estates of the slab block design were only targeted for completion by 2020-2021. As at 9 January 2017, fire safety improvement proposals under the three prototypes (Slab, Tower and H) had been accepted, while the remaining four prototypes (Ziggurate/Trident, Linear, Cruciform 1 and Cruciform 2) were being processed. However, HD still needed to submit the fire safety improvement proposals of individual estates to the enforcement authorities for vetting and formal acceptance after a prototype had been accepted;
  - (b) the progress of implementing FS(B)O was only reported to HD's senior management on two occasions in March 2008 and February 2014 respectively notwithstanding that the inter-departmental meetings with the Buildings Department ("BD") and the Fire Services Department ("FSD") had failed to reach an agreement on the vetting/formal acceptance of HD's fire safety improvement proposals after rounds of discussion; and
  - (c) while BD and FSD agreed in April and May 2014 to comment on HD's fire safety improvement proposals for specific PRH block types, they also remarked that the comments were to facilitate HD's self-compliance with FS(B)O. HD, BD and FSD had only come to an agreement recently on the vetting and formal acceptance of HD's fire safety improvement proposals after rounds of discussions and inter-departmental meetings; and
- notes that:
  - (a) Director of Housing has agreed with Audit's recommendation in paragraph 6.17 of the Audit Report; and

- (b) Director of Buildings and Director of Fire Services have agreed with Audit's recommendation in paragraph 6.18 of the Audit Report.

<b>Follow-up action</b>
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98. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and Audit.