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1 February 2019

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Chapter 4 of the Director of Audit's Report No. 71
Management of Signboards by the Buildings Department

Thank you for your letter of 18 January 2019 concerning the captioned Audit Report. We are pleased to provide the requested information and clarification in the Appendix.

2. For any further questions, please contact the undersigned or our Chief Officer / Minor Works and Signboard Control, Mr PANG Yuk-lung, Michael, at 3106 8019.

Yours sincerely,

(Ms YU Po-mei, Clarice)
Assistant Director/Corporate Services
for Director of Buildings

c.c. Secretary for Financial Services and the Treasury (Fax: 2147 5239)
Secretary for Development (Fax: 2899 2916)
Director of Audit (Fax: 2583 9063)

Reply to question 1

Question: Could the Buildings Department (BD) clarify whether search function is built into the Minor Works Management System (MWMS)? For example, is it possible to retrieve all prior submissions by the same prescribed registered contractor or prescribed building professional, or retrieve all prior submissions inputted into the system by a particular location/address of the premises?

Response: The MWMS has built-in search functions enabling retrieval of all prior submissions by (a) the same prescribed registered contractor or prescribed building professional; and (b) location/address of the premises.

Reply to question 3

Question: According to BD's reply to question 3, the number of cases selected for audit check is generally based on the results of the audit checking in the preceding year and the available manpower. Can BD clarify whether there were any occasions in the past few years where the sample rate for audit check was limited by manpower available?

Response: The total number of MW submissions received by BD and the number of such submissions selected for audit check in the past five years are tabulated below.

Year	Total no. of MW submissions received by BD	No. of MW submissions selected for auditing*
2014	106 829	6 638 (6 000)
2015	115 832	6 742 (6 500)
2016	135 187	7 104 (6 500)
2017	126 504	7 260 (7 200)
2018	125 211	7 093 (7 000)

* The corresponding estimate in the Controlling Officer's Report is shown in the brackets.

As shown in the above table, the annual estimated indicator on the number of MW submissions selected for auditing (“indicator”) has by and large taken into account the estimated total number of MW submissions in the coming year, the latest results of audit checking and the available manpower. As observed, the estimated indicators and the actual numbers of MW submissions selected for auditing in 2014 to 2018 have generally followed the trend on the total numbers of MW submissions received over the same period. BD does not consider that the number of MW submissions selected for auditing has been limited by the manpower available.

Reply to question 5

Question: The reply has failed to make a convincing argument that there were incentives for businesses to participate in the Signboard Validation Scheme (the Scheme), and thus no concrete improvement measures have been proposed for the Scheme. It seems that there is no convincing case to preserve the Scheme. In this connection, could BD give an argument as to why businesses would participate in the Scheme? If BD could not provide such an argument, should BD’s strategy focus on encouraging removal and re-erection instead.

Response: Taking into consideration the fact that many of the existing unauthorised signboards in Hong Kong are in active use by business operators and that their existence carries considerable value for sustaining local commercial activities and contributing to Hong Kong’s prosperity, BD introduced the Scheme in September 2013 with a view to providing an alternative for owners of relatively small unauthorised signboards apart from removing and re-erecting their signboards under the Minor Works Control System (MWCS), i.e. joining of the Scheme is on a voluntary basis. It provides flexibility to owners who prefer to retain their existing unauthorised signboards for reasons such as avoiding disruption to their businesses, cost consideration, etc.

Although the number of applications under the Scheme is not substantial, the continuing receipt of such applications reflects that some signboard owners do prefer to join the Scheme to retain their unauthorised signboards.

Besides, the Scheme offers an alternative to signboard owners and at times help reduce confrontation with signboard owners during BD's enforcement action. It is also prudent to see if more applications will be received after the promulgation of the single certification for food business licence and the Scheme.

Reply to questions 6 and 7

Question: Please provide a firm date on when the sample trial will start and finish?

Response: It is estimated that the sample trial will commence in July 2019 and complete in March 2020.

Reply to question 9

Question: Based on the reply, it appears that there are two separate computer systems, namely MWMS and the Building Condition Information System (BCIS). Based on the answer to questions 1 and 2, it seems that MWMS is only used for resolving minor works submissions, while BCIS is used for enforcement in general. Could BD elaborate on whether this is the case, and provide details on how BD staff utilize these two separate systems to facilitate the enforcement on unauthorized signboards?

Response: The MWMS and BCIS are two independent computer systems. The MWMS is for recording the information of all MW submissions made to BD under the MWCS, as well as facilitating the audit check of MW submissions. As mentioned in our response to question 2 in our reply to you on 7 January 2019, the revamp of MWMS is being pursued with a view to capturing more audit information and enhancing the supervision and monitoring of audit work of BD. On the other hand, the BCIS is for processing, recording and monitoring of reports, complaints, referrals, statutory orders/notices, works orders and consultancy assignments related to enforcement action against existing buildings under the Buildings Ordinance.

Using the MWMS, BD staff can verify whether a particular signboard was erected under the MWCS which is one of the factors to determine the legal status of that signboard. All enforcement actions on unauthorised/abandoned/dangerous signboards will be processed, recorded and monitored using the BCIS.

Reply to question 13

Question: Could BD give detailed statistics on how many outstanding Dangerous Structure Removal Notices (DSRNs) were cleared and how many still remain, by the year that DSRNs were issued?

Response: The number of DSRNs complied with by the year of issue of the DSRNs in the past five years is tabulated below. In general, lead time is required for signboard owners to comply with the DSRNs.

As at 30 January 2019, only one outstanding DSRN issued in 2017 has yet been complied with. Government contractor has been mobilized for necessary default works for closing the case. Other than this remaining case, all DSRNs issued in or before 2017 have been cleared.

For the DSRNs issued in 2018, more than one-fourth of the DSRNs (i.e. 170) were issued in Q4 of 2018. As mentioned above, lead time is generally necessary for compliance of the DSRNs by the signboard owners, while BD will consider and handle the cases on its individual circumstances if the signboard owners are arranging for removal or repair of the signboards concerned. Having said that, BD will expedite the clearance of the DSRNs issued in 2018 and take follow-up action as appropriate.

Year	No. of DSRNs in respective year		
	Issued	Cleared in that year	Not cleared in that year
2014	590	435	155
2015	816	546	270
2016	908	655	253
2017	860	450	410
2018	625	227	398