

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Housing Authority

Secretary's Report - Committee Work (March - May 1998)

Purpose

This paper summarises the work of the Housing Authority's Committees for the period from 1 March 1998 to 31 May 1998.

(1) BUILDING COMMITTEE

Housing Authority Contracts Approved

2. During the period, 42 contracts were approved. The sum of the contracts approved totalled \$13,840,073,000.

Client Briefs, Control Plans, Project Estimates, Scheme Designs and Project Budgets

(Papers No. BC 41/98 and BC 63/98)

3. The Committee considered and approved the proposed/revised client briefs, control plans, project estimates, scheme designs and/or project budgets for -

- (a) Development of Lam Tin South Phase 8
- (b) Redevelopment of Lam Tin Estate Phase 6

Others

Proposed Modifications to New Cruciform Blocks to Enhance Buildability

(Paper No. BC 33/98)

4. Members approved the proposed modifications to construction details and the shortened construction period by 30 days for the building contracts of New Cruciform Blocks.

Ma On Shan Area 90, Phase 5 - Piling Contract Arbitration (Paper No. BC 36/98)

5. Members noted the paper.

Proposed Appointment of Architectural and Associated Consultants for New Development Projects

(Paper No. BC 40/98)

6. Members approved the proposed appointment of architectural and associated consultants for five new development projects.

Ground Settlement in Ma On Shan Area 90 (Kam Fung Court and Chung On Estate)

(Paper No. BC 42/98)

7. Members noted the investigation report of the lead consultant and the maintenance strategy and endorsed the undertakings of Housing Authority for Kam Fung Court and the way forward.

Improvement Measures to Prevent Re-occurrence of the Incident of Fallen Glass Panel in Ping Tin Shopping Centre

(Paper No. BC 43/98)

8. Members noted the paper.

Situation Report on Cost Trends in Building Services Works

(Paper No. BC 44/98)

9. Members noted the cost trends in building services works.

Report on Balustrade Failure at Ping Tin Shopping Centre

(Paper No. BC 51/98)

10. Members accepted the findings of the report of the Investigation Panel and approved the Panel's recommendations.

June 1998 Construction Cost Yardsticks

(Paper No. BC 55/98)

11. Members endorsed the paper.

Interim Housing at Sha Kok Mei in Sai Kung

(Paper No. BC 60/98)

12. Members noted that the low-rise prefabricated interim housing is a stop-gap measure and the multi-storey Vertical Interim Housing is to meet the future and long term demand more cost-effectively and efficiently.

Proposed Appointment of Architectural and Associated Consultants for New Development Projects

(Paper No. BC 61/98)

13. Members approved the proposed appointment of architectural and associated consultants for two new development projects.

Review of Workload Capping Limits for Housing Authority Listed Contractors

(Paper No. BC 62/98)

14. Members approved the paper. The Department would notify all the listed companies as well as the various contractors associations after working out the details. The Department would also consider imposing workload restrictions on maintenance contracts.

(2) RENTAL HOUSING COMMITTEE

Review of Security Measures for Rental Estates

(Paper No. RHC 18/98)

15. Members approved the upgrading of System B to System A in some 568 buildings which are not of Harmony/Trident type and 74 walk-up blocks in the coming four years.

Review of the Contracting Out of Management Services in Public Rental Housing Estates

(Paper No. RHC 22/98)

16. Members endorsed that the Department should continue the property management agent scheme for new public rental housing estates for the time being.

(3) HOME OWNERSHIP COMMITTEE

Tenants Purchase Scheme Forward Programme

(Paper No. HOC 25/98)

17. Members approved the estate selection for phases 2 to 4 of the Tenants Purchase Scheme (TPS). Moreover, Members agreed that a prospective Home Ownership Scheme (HOS) flat owner who was a public rental housing (PRH) estate tenant be permitted to rescind with refund of deposit subject to the following conditions:

- (a) he had not yet executed an assignment for an HOS flat;
- (b) when signing an agreement for sale and purchase, his estate was not announced for sale under the TPS; and
- (c) he should buy his PRH flats under the TPS afterwards.

A New Management Model for the Six Tenants Purchase Scheme Estates

(Paper No. HOC 23/98)

18. Members endorsed that the new management model and staffing arrangements would be implemented progressively on the 6 estates with effect from 1 April 1998.

(4) STRATEGIC PLANNING COMMITTEE

Master Programmes for December 1997 and March 1998

(Paper Nos. SPC 8/98 and SPC 20/98)

19. Members noted the Master Programmes for December 1997 and March 1998.

Redevelopment of Upper Ngau Tau Kok Estate

(Paper No. SPC 9/98)

20. Members approved the inclusion of the site into the Public Housing Development Programme (PHDP) and the development cost ceilings involved.

Redevelopment of Shek Pai Wan Estate

(Paper No. SPC 10/98)

21. Members approved in principle the inclusion of the site into the PHDP.

Development of Vertical Interim Housing at Tin Shui Wai Area 101

(Paper No. SPC 11/98)

22. Members approved the inclusion of the project into the PHDP and endorsed the development cost ceilings involved.

Proposed Small Household Development at Tai Hang Tung No. 1 Playground - Revised Cost Estimates

(Paper No. SPC 12/98)

23. Members agreed to the revised cost estimate of \$395 million for the project.

Lam Tin Park Potential Housing Site

(Paper No. SPC 13/98)

24. Members approved the Department's recommendation to accept responsibility for funding and implementation of the whole development package. They also endorsed the stand that future natural slope maintenance cost associated with the project should be borne by Government.

Proposed Second Rural Public Rental Housing in Cheung Chau - Revised Cost Estimate and Housing Mix

(Paper No. SPC 14/98)

25. Members approved the revised project estimates and the new housing mix for the project.

Housing Authority Corporate Plan 1998/99

(Paper No. SPC 19/98)

26. Members endorsed the Corporate Plan and its publication.

Five-Year Redevelopment Programme (1998/99 - 2002/03)

(Paper No. SPC 21/98)

27. Members approved the Five-Year Redevelopment Programme (1998/99 - 2002/03).

Financial Viability Assessment

(Paper No. SPC 22/98)

28. Members approved the proposed policies and criteria for financial viability assessment.

June 1998 Construction Cost Yardsticks

(Paper No. SPC 23/98)

29. Members approved the June 1998 Construction Cost Yardsticks for capital works projects.

New Sites for inclusion in the Public Housing Development Programme

(Paper No. SPC 24/98)

30. Members agreed to include three projects, namely Aldrich Bay Phase 4 and Neighbour Community Centre Sites; Tseung Kwan O Area 73A and Lei Yue Mun Housing Site into the PHDP.

Mechanism for Steering Initiatives on Environmental Protection

(Paper No. SPC 26/98)

31. Members noted the revised framework to steer and monitor the Department's efforts on environmental protection.

Study on Sustainable Development in Hong Kong for the 21st Century

(Paper No. SPC 27/98)

32. The Consultant for the above study gave a presentation to Members of the Strategic Planning Committee on the scope and progress of the study and the purpose of the consultation exercise. Members supported the cause of the study.

(5) COMMERCIAL PROPERTIES COMMITTEE

Rent Relief for Tenants of Commercial Premises

(Paper No. CPC 12/98)

33. Members approved the waiving of the requirements for service of advance notice to quit and/or payment of penalty for early surrender of premises.

Letting of Residential Care Homes for the Elderly in Public Housing Estates

(Paper No. CPC 13/98)

34. Members approved the letting of vacant kindergarten premises in public housing estates as residential care homes for the elderly.

Criteria for Letting by Negotiation

(Paper No. CPC 15/98)

35. Members approved the revised criteria for letting of commercial premises by negotiation.

Renewal of Liquefied Petroleum Gas Supply Contract for Tai Yuen Estate and Ting Nga Court

(Paper No. CPC 17/98)

36. Members approved the renewal of liquefied petroleum gas supply contract for Tai Yuen Estate and Ting Nga Court with Esso Hong Kong Ltd. for a period of 10 years and the distribution of a portion of the premium to HOS owners.

Progress Report on the Work of Letting Panel (January -December 1997)

(Paper No. CPC 19/98)

37. Members noted the lettings by negotiation overseen by the Letting Panel in 1997.

(6) COMPLAINTS COMMITTEE

Complaints Statistics 1997

(Paper No. CC 9/98)

38. Members had an overview of the public complaints received and handled by the Housing Department in 1997.

(7) HUMAN RESOURCES COMMITTEE

Human Resources Management Plan Update 1998/99 - 1999/2000

(Paper No. HRC 20/98)

39. Members endorsed an updated version of the Authority's Human Resources Management (HRM) Plan, which aims to provide focus for HRM planning and development in the next two years (1998/1999 to 1999/2000).

Development of Grade Management in Housing Department

(Paper No. HRC 21/98)

40. Members noted the initial progress of work on the development of grade management in the Department.

Report on Staff Incentive Scheme

(Paper No. HRC 22/98)

41. Members noted the various programmes organised under the Staff Incentive Scheme during the financial year 1997/98 and the planned programmes for 1998/99.

(8) FINANCE COMMITTEE

Quarterly Internal Audit Report - April 1998 on Funds Management Operations

(Paper No. FC 25/98)

42. Members noted the findings and recommendations of the quarterly report issued in April 1998 by KPMG Peat Marwick. The Department would re-examine the in-house benchmarking and the restructuring of the Finance and Accounting Branch again with KPMG and report back to the Finance Committee.

Audit Plan for the Internal Audit Section for 1998/99

(Paper No. FC 26/98)

43. Members noted the paper.

Audit Reports discussed at the Housing Department Steering Committee on Management and Audit Studies Meetings held on 6 February and 23 April 1998

(Paper No. FC 27/98)

44. Members noted the paper.

Funds Management Report for the period 1 January 1998 to 31 March 1998

(Paper No. FC 28/98)

45. Members noted -

- (a) the results of the Authority's in-house managed investments for the period 1 January 1998 to 31 March 1998;
- (b) the major issues relating to funds management for the period 1 January 1998 to 31 March 1998;
- (c) the market valuation of in-house portfolio;
- (d) the cashflow forecast for the period from 1 April 1998 to 31 March 2000;
- (e) the market outlook;

- (f) the results of the Authority investments managed by fund managers, the performance of fund managers for the quarter ending 31 March 1998 and non-compliance of fund managers;
- (g) the routine revisions and amendments to the list of approved counterparties and their limits under delegated authority; and
- (h) the operational performance of counterparties.

Members approved -

- (i) the Securities Lending Programme offered by State Street Bank for externally managed funds;
- (j) the investment in Mortgage Backed Securities issued/arranged by the Hong Kong Mortgage Corporation;
- (k) the revised basis for the calculation of the benchmark for in-house managed funds;
- (l) the change of the admission criteria for trading agent and custodian for in-house investments;
- (m) the revision of global approved limits for note-issuing banks;
- (n) the termination of service with three fund managers;
- (o) the proposed shortlist of fund managers for presentation to the special Finance Committee meeting;
- (p) the arrangements for funds, after termination of service of fund managers;
- (q) the establishment of an in-house trading portfolio;

- (r) the use of State Street Bank as the master custodian for new fund manager(s) and for the in-house trading portfolio; and
- (s) the delegated authority to Finance Director for negotiation with new fund manager(s) of management fee levels.

Risk Management

(Paper No. FC 29/98)

46. Members noted the paper. The Department would review the percentage for the HA Funding Cost and report back to the Finance Committee after one year.

(9) VISIT

47. During the period, a visit for Building Committee Members was arranged on 6 May 1998 to Sha Kok Mei Interim Housing in Sai Kung to familiarize Members with the prefabricated building system.

(10) MEETING WITH CONCERN GROUPS

48. During the period, members of the Rental Housing Committee held four meetings with concern groups to discuss housing issues.

(11) LIAISON WITH DISTRICT BOARDS

49. During the period, housing issues which received most attention from District Boards included the progress and arrangements of redevelopment/clearance/rehousing, maintenance and housing management. Other issues of great concern included Tenants Purchase Scheme, rent assistance for commercial tenants, installation of air-conditioners and inheritance right of second generation.

50. A list of housing matters discussed by each District Board and its committees during this period is at the **Annex**.

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Date : 21 August 1998