

## **THE HONG KONG HOUSING AUTHORITY**

### **Memorandum for the Building Committee**

#### **Further Financial Contribution towards the Costs of The INTEGER Hong Kong Pavilion**

#### **PURPOSE**

The purpose of this paper is to seek Members endorsement for a further contribution by the Housing Authority towards the cost of the INTEGER Hong Kong Pavilion.

#### **BACKGROUND**

2. The Housing Authority contribution towards the cost of the INTEGER Hong Kong Pavilion was endorsed by Members by way of Paper No. BC 159/20000 on 19 October 2000.

#### **FURTHER DEVELOPMENTS**

##### **HKTDC launch in London**

3. The INTEGER Hong Kong Pavilion project was announced on 31 October 2000, at a promotion by the Hong Kong Trade Development Council in London with Mr Tung Chee Hwa, the Chief Executive of the SAR, and the Deputy Prime Minister of the UK, Mr John Prescott.

##### **Integer Hong Kong Pavilion launch in Hong Kong**

4. The project was officially launched in Hong Kong at a press conference at the Pacific Place Conference Centre on Thursday 23 November 2000. Media reaction was supportive.

## **THE INTEGER HONG KONG PAVILION**

5. The design of the Hong Kong Pavilion is now complete and approvals are being processed. The INTEGER team and the local partners are now inviting the participation of suitable material, equipment and component suppliers in this project. This is being done by both direct contact and through the INTEGER Hong Kong Web-site, [www.INTEGER.com.hk](http://www.INTEGER.com.hk)

## **THE HONG KONG PARTNERS**

6. There are now eight partners in this project and their contributions are –

HKSAR Government	\$6M in cash. Promotion of the project.
Trade Partners UK	\$6M in cash. Promotion of the project and sourcing of contributions to the project.
INTEGER UK	Concept design, promotional, negotiation and management services
Hong Kong Housing Society	\$6M in cash. Promotion, input to exhibitions and displays and to Seminars and workshops on Housing, Design, Construction and Management related issues.
Swire Properties	\$3M in cash and \$3M in kind for project management services during the design and construction stages and property management services upon completion.
Gammon Construction	\$3M in cash and \$3M in kind for construction materials such as the pre-cast concrete modules. Gammon will also be the main contractor for the pavilion and will accordingly manage the specialist input during the construction stage.

CLP Power	\$6M in cash. Promotion of the project. Energy and IT input during the design and, construction stages and during the operation of the pavilion.
Hong Kong Housing Authority	\$3M in cash. Promotion, input to exhibitions and displays and to Seminars and workshops on Housing, Design, Construction and Management related issues.

## **THE ROLES OF THE ORGANISATIONS**

7. A company, The INTEGER Pavilion Hong Kong Ltd has now been registered in Hong Kong and the following Partners will become shareholders in the company –

INTEGER UK

Swire Properties

Gammon Construction

China Light and Power

Hong Kong Housing Society

8. The Housing Authority, The HKSAR Government and the UK Government will not be shareholders but will enter into an agreement with the other partners to manage and direct the implementation and management of the project through the board of The INTEGER Pavilion Hong Kong Ltd.

## **PROGRAMME**

9. The programme has been revised to take account of design and site hand-over matters and is now as follows –

- (a) Commencement on site on 15 January 2001
- (b) Ceremony on World Environment Day on 5 June 2001.
- (c) Completion for exhibition opening in mid September 2001.

## **FINANCIAL ARRANGEMENTS**

10. At this time, financial contributions amount to \$39 Million. The total project cost is estimated to be \$45M but with further contributions this may be reduced. Additional funds are required, particularly for the exhibition.

11. The UK Government representative has approached the Housing Authority to enquire whether an increase in contribution would be possible so that the Authority's contribution matches those of the other partners, particularly since the Authority is the largest housing provider in Hong Kong.

## **WHY INCREASE THE HOUSING AUTHORITY CONTRIBUTION?**

### **Communication**

12. The project is mainly an Education and Communication project to encourage debate and to bring together all of the major organisations involved in the design and procurement of housing in Hong Kong. It is now attracting a lot of interest and has received positive media coverage. The project will therefore –

- (a) Involve the public to lift their expectations of housing design
- (b) Encourage innovative ideas in housing and in related products.
- (c) Demonstrate the benefits of innovation in housing design, procurement and management.
- (d) Identify and address new education issues and skills requirements in the housing industry both now and in the future.
- (e) Raise the public's awareness of environmental issues as they relate to land use and development in Hong Kong.

13. The Housing Authority subscribes to these aims and is contributing to the project to promote them more widely.

## **The Flexible Housing Production Strategy**

14. This is an important project for the Housing Authority in view of our position in the industry and for the future Public Housing under the Flexible Housing Strategy. There will be a gradual move away from the use of standard building designs and the adoption of more non-standard schemes to take full opportunity of the sites that we develop. At the same time we will move to more flexible PRH/HOS developments that will impose fewer constraints when we move between allocation for rent or sale. . The Authority will therefore need to respond more effectively to changes in demand, adopt a more flexible approach in design and construction and also improve awareness of developments in communication and construction technology for the benefit of our residents.

## **Environmental Design - The Green Estate**

15. The Authority is currently exploring new design and planning concepts in the development of a “Green estate” at Diamond Hill Comprehensive Development Area. This will be a pilot project and the principles may be adopted in future public housing estates. The project will include a series of measures to improve the environmental performance of public housing, some of which are key components of the INTEGER Hong Kong Pavilion. The Authority will have the opportunity to explore these in greater depth prior to implementing them in Diamond Hill. These include –

- (a) The use of solar energy for hot water systems
- (b) The use of Photo-voltaic cells for public area lighting and security systems
- (c) Maximising natural ventilation and daylight.
- (d) Grey water recycling for flushing purposes
- (e) Harvesting Rainwater for irrigation purposes
- (f) Disposition and orientation of buildings for microclimate control
- (g) The use of environmentally friendly building materials

## **Construction Technology**

16. The construction industry is undergoing reform. The efficiency and therefore the cost of construction is of greater importance to developers since the adjustment of property prices in Hong Kong. Developers are showing an interest in improved techniques which will increase efficiency and at the same time reduce the use of wet trades, increase the opportunities for factory production and improve environmental performance.

17. The Authority has been using some of these techniques for many years but has employed them mainly on standard building designs where much of the design development has been carried out with the contractors who work on Housing Authority projects. The designs have therefore almost prescribed the forms of construction to be used. There is now little innovation.

18. The new production strategy will require a move towards more non-standard buildings and modified standard designs. These will in turn require more flexibility from contractors. The magnitude of the Authority's building programme places us in a unique position to explore more of these techniques more quickly.

19. These goals cannot be achieved in isolation and require the active participation and co-operation of every sector of the industry. There are increased opportunities for sharing ideas and generating research and development with the industry and the Housing Department will play an active role in this.

20. The success of this demonstration project will be to the benefit of the Housing Authority and the Housing Department and will ultimately assist in improving performance in Public Housing projects, in design, construction and management.

## **THE PROPOSAL**

21. It is therefore proposed to increase the Housing Authority contribution from the \$3Million previously endorsed to \$6Million, to give greater support to the project commensurate with our prominent position in the industry and to be consistent with the contributions from the other Partners

## FUNDING

22. The Housing Authority has confirmed that it will set up an HA Research Fund to encourage and assist research, which has initially been set at \$20 Million per annum. The funding of the HA contribution towards the cost of the INTEGER Hong Kong Pavilion will be made available by virement until the HA Research Fund is established.

## RECOMMENDATION

23. It is recommended that Members endorse the contribution of a further \$3 Million towards the costs of the INTEGER Hong Kong pavilion.

## PRESUMPTION

24. It is not thought that Members will have any objection to the recommendation at paragraph 23 above. If no objection or request for discussion is received by the Committees' Secretary **by noon on 10 January 2001**, Members' approval will be presumed.

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Miss Ivy LEONG  
Secretary, Building Committee  
Tel. No. : 2761 5033  
Fax No. : 2761 0019

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