

**Minutes of the Meeting of the Housing Authority BUILDING
COMMITTEE held on Thursday, 24 February 2000**

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PRESENT

Mr Daniel LAM Chun, JP (Chairman)
Dr the Hon Rosanna WONG Yick-ming, JP
The Hon LEE Wing-tat
Mr WAN Man-yee, JP
Mr Philip NUNN
Mr IP Kwok-him, JP
Mr J A MILLER, JP (Director of Housing)
Professor Patrick LAU Sau-shing
Dr Sarah LIAO Sau-tung, JP
Mr Andrew CHAN Ping-chiu
Mr Hardy LOK Kung-chin
Ms Anna KWONG Sum-yee
Mr Mike WONG Chik-wing
Mr Helius NG (Chief Assistant Secretary/
Professional Services, Works Bureau)
Mr R A BATES, JP (Deputy Director/Works)

ABSENT WITH APOLOGY

Mr Raymond CHOW Wai-kam, JP (Out of Hong Kong)

IN ATTENDANCE

Mr Marco WU, JP	(Deputy Director/Management)
Mr T C YUEN, JP	(Business Director/Development)
Mr R J AVON, JP	(Finance Director)
Mr Joseph KONG	(Project Director/Central)
Mr Simon LEE	(Assistant Director/Legal Advice)
Mr David LEE	(Project Director/West)
Mrs Doris MA	(Assistant Director/Special Duties)
Mr John CHIU	(Project Director/East)
Mr WONG Bay	(Assistant Director/Management 2)
Mr Daniel LEE	(Assistant Director/Development)(Ag.)
Mr Johnson YUEN	(Chief Quantity Surveyor/Construction Services)
Mr Gilbert HO	(Assistant Committees' Secretary/6) (Secretary)

PRESENTERS

Mr K T CHAN	(Chief Building Services Engineer/1)
Mr Lawrence CHUNG	(Chief Quantity Surveyor/Projects)
Mr S T CHAN	(Chief Structural Engineer/1)
Mr N M CHAN	(Project Manager/1)
Mr Charles IP	(Chief Architect/3)(Ag)
Mr Danny CHENG	(Deputy Project Manager/C3)
Ms Polly YOUNG	(Deputy Project Manager/A1)
Mrs Angelica LAM	(Deputy Project Manager/P3)
Mrs Katherine YAU	(Chief Publicity Officer/Corporate & Community Relations)
Mr Oliver CHAN	(Senior Manager/Counterparty List Management)
Mr K M LAU	(Senior Quantity Surveyor/Construction Services)
Ms Mandy LAI	(Senior Quantity Surveyor/Construction Management 1)
Mr K L LUK	(Senior Quantity Surveyor/C2)
Mr Kenneth YIU	(Professional/Technical Secretary 3)

PRESENT BY INVITATION

- | | | |
|----------------------------|---|-----------------------------|
| CYS Associates (HK) Ltd. | - | Mr Thomas KAM
Mr K C LIU |
| DG Jones & Partners | - | Mr Joe S K LIU |
| Meinhardt (M&E) Ltd. | - | Mr Brian PAU
Mr S H LAU |
| Wong & Tai Associates Ltd. | - | Mr Robert SUM |
| Fugro (Hong Kong) Ltd. | - | Mr Andes Wong
Mr K W TAM |

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The **Chairman** opened the meeting at 8:45a.m. He first introduced to the meeting Mr Gilbert HO, the new Secretary of the Committee. He then informed the meeting that Dr Joseph CHOW Ming-kuen, JP had resigned as a member of the Housing Authority and this Committee on 28 January 2000. On behalf of the Building Committee, the Chairman wished to record a vote of thanks for Dr Chow's contributions while he was serving on this Committee. Apology of absence was received from Mr Raymond CHOW Wai-kam, JP. Members noted that proceedings of the meeting would be broadcast for viewing by departmental staff.

CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING HELD ON 20 JANUARY 2000

2. Minutes of the meeting held on 20 January 2000 were **confirmed** subject to the following amendments –

(a) The 5th line in sub-paragraph 10(a) should read

‘Estate would be inferior to the previous proposal which is’ and on the last line of the same sub-paragraph, ‘MRT’ should read ‘MTR’.

(b) On the 2nd line of paragraph 12, the short form for ‘Precast Prestressed Concrete’ should read ‘(PPC)’.

(c) On the 3rd line of paragraph 44, the first ‘the’ should be deleted, thus ‘site and witness.....’.

MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING HELD ON 20 JANUARY 2000

Proposed Master Layout Plan and Project Development Budget for Redevelopment of Kwai Chung Estate Phase 5 (Paper No. BC 215/99)

3. Thanking the Chairman and Members for their contribution at the PDRC meeting on 27 January 2000 when the proposed noise mitigation measures in relation to the slopes were further discussed, the Department was

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pleased to note that the matter had been partially resolved. Members present at that meeting agreed not to relocate the Commercial Centre in Phases 3 and 4 to Phase 5 as noise buffer in view of the viability, cost and technical implications. The PDRC meeting also requested the Department to further look into the following options for reporting back to this Committee at its March 2000 meeting –

- Option 1 - To negotiate with the Highways Department for direct mitigation measures.
- Option 2 - To explore the transferring of Phase 5 to Buy or Rent Option with provision of air conditioners.
- Option 3 - To explore other possible use of building on the slope such as resiting the school or other welfare premises.

While Option 3 had been found not feasible, exploration of the first two was underway. Having regard to the above findings and in recognition of the imminence of the programme, the Department would retain the Commercial Centre and the carpark in Phases 3 and 4 and proceed with the piling works concerned without delay. Meanwhile, situation reports had already been sent to Members.

Proposed Master Layout Plan, Scheme Design and Project Development Budget for Redevelopment of Tai Wo Hau Estate Phase 6
(Paper No. BC 8/2000)

4. On the question of “inflated” budgets, the Department advised that the review would be carried out in due course.
5. On the cost-effectiveness of having a transferred structure for just one level of parking, the Department said that alternative layouts had been studied. With the aid of the drawing on the pin-up board, **Mr David LEE** pointed out that if the columns and the load-bearing walls were to continue to the carpark level without a transfer structure, the carpark layout would become highly unsatisfactory and the linked lobby as a proper entrance to the domestic blocks would have to be sacrificed. The option was technically feasible but not

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desirable given the markedly downgraded quality of the scheme. The Department therefore recommended that the detailed design should stick to the original layout.

6. In response to a Member, **Mr Lee** confirmed that by omitting the transfer structure on four portions of the wing, the saving would be \$3M, or less than 1% of the total construction cost of the project. **The Chairman** asked that the construction cost of the transfer structure be contained within the \$3M 'extra'.

7. On the point of high development cost, a Member informed the meeting that he had researched into the subject and provided his own set of cost data to the Department. Based on the available data, the Department had drawn up a preliminary cost comparison for the Member's information. Further information and clarification were required so as to come up with a final view on how these data would be compared on a like-to-like basis.

8. **The Director** suggested that while cost comparisons should be studied carefully with a view to learning from them, the scheme should go ahead as recommended. This was supported by **the Chairman of the Housing Authority**. The Department would eventually produce a paper on costing.

DD/W

9. The meeting was told that without losing sight of the Member's idea of a hybrid scheme in cases as the present one, the Department would have a closer look at this.

DD/W

Revision of Design, Project Budget and Contract Sum for Development of King Shan Court Phase 2 to Alleviate the Infringement of Building Regulations

(Paper No. BC 2/2000)

10. The Department reported that the suggestion to use the lower floors of the non-complying wings for non-domestic purposes (so as not to breach the prescribed window requirements) had been reviewed. Such use was considered inadvisable as many floors would have to be converted to non-domestic use resulting in a substantial loss of flats for sale.

11. The Department had a meeting with Mr C M LEUNG, Director of Buildings on 16 February 2000 and conveyed to him the Committee's views. Mr Leung explained that the Building Department's (BD) Building Committee

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and Building Authority Conference would not consider cases from the Housing Authority as they were outside the ambit of the Building Ordinance. It would be undesirable for BD to deviate from this normal practice.

12. However, BD advised that the original scheme would not be acceptable, had it been submitted by a private developer, due to the extensive non-compliance with the prescribed window requirements.

13. Regarding the proposed option, BD was prepared to support the revised design despite the minor infringement of the horizontal plane. Subsequently BD indicated that its stand would not change even if angled windows were dispensed with. This being the case, Housing Department would proceed with the proposed option by dropping the requirement for angled windows altogether.

14. As a related issue, **the Director** drew Members' attention to a remarkable, recent speech of Mr Leung, the Director of Buildings in which he made known his department's direction for the next few years. Among other things, Mr Leung highlighted the fact that the legislation on windows was already much outdated as to merit rapid review. This Department would circulate Mr Leung's speech for information of the Members. (Post meeting note : Mr Leung's speech was circulated to Members.)

Site Safety

PD/W 15. Members noted that production of the Final Report on Safety was on schedule for submission to the April 2000 meeting of this Committee.

Provision of Residential Care Homes for the Elderly in Pak Tin Estate Phase 6

16. The Department said that confirmation of funding from Social Welfare Department would be sought before committing on the construction of any RCHEs within the Authority's development. Currently the provision of and funding for such facilities were being reviewed by various Departments. This Department hoped to shortly arrive at a consensus with the Government on this issue.

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ITEMS FOR DISCUSSION

General

(Item 1) Tender for the Construction of Po Lam Road Housing Development Phase 1 (Piling and Building Combined Contract)
(Contract No. 26 of 1999)
(Paper No. BCT 1/2000)

(Mr Thomas KAM & Mr K C LIU of CYS Associates (HK) Ltd., Mr Joe S K LIU of DG Jones & Partners and Mr Brian PAU & Mr S H LAU of Meinhardt (M&E) Limited joined the meeting at this juncture.)

17. **Mr Danny CHENG** presented the paper and highlighted that this was a piling and building **combined** contract.

18. Making reference to Item 2.2.(c) on Annex B to the paper, a Member observed that Hsin Chong Construction Co., Ltd., the 3rd lowest tenderer, had made an alternative offer which was also quite competitive. In the absence of details, the Member wondered whether the stipulated 24-month contract period here was too short as to have jacked up the tender price.

19. **Mr Cheng** explained that the Department had to adhere to a very tight time schedule, with the school to be completed by June 2001, and the small household flats to tie in as reception for the Sau Mau Ping Estate Redevelopment. Moreover, the PTI, carpark as well as the Commercial Centre had to be ready for use by the other phases of the Po Lam Estate Redevelopment as they did not have similar separate facilities of their own.

20. **Mr Cheng** also explained that Hsin Chong's alternative tender was a conditional and qualified tender. **Mr Thomas KAM** confirmed that 24 months was reasonable and realistic for the construction works of this scale and complexity.

21. In response to another Member, the Project Team would check the liquidated damages per day under this contract. (Post meeting note : The liquidated damages for the works were \$228,380.00 per day and the requested information was forwarded to Members.)

Action

22. A Member reckoned that even allowing the five-month extension put forward by Hsin Chong in its alternative offer, the school would still be ready by August 2002 for the new academic year. If the Department could accept a 29-month contract period, an appreciable saving in real terms could be achieved.

23. **The Director** suggested that in deciding on the case, the Committee had to bear in mind the urgency for the school as opposed to the other facilities such as the PTI, the carpark and the Commercial Centre which could, if circumstances dictated, perhaps be slipped.

24. **Mr Cheng** said that this tender adopted the traditional one year defects liability period (DLP). **Mr Marco WU** wished to see that a two-year DLP which would become the norm in future could be re-negotiated. He was however aware that in the case of works that had been tendered, there could be problems as re-negotiation as such would constitute a variation to the agreed contract terms.

25. **Mr R A BATES** supplemented by saying that the Committee must be clear what it was asking for: that the contractors on re-negotiation agree to the two-year DLP by holding within their price, i.e. without extra cost on the part of HA for the extension. In the case where acceptance of the offer was not an unconditional one, the Department simply did not let the tender.

26. **The Chairman of the Housing Authority** stated that extension of the DLP to two years could be seen as something additional. In all future tender papers there would be a quality assurance paragraph with the aim of tightening up on site supervision. She was in support of the idea that the Department should, without breaching any contractual conditions already agreed on, try to re-negotiate with the contractors for a two-year DLP.

27. In going along with the re-negotiation proposal, **Mr Bates** asked Members to be prepared to take a line in case the contractor was negative, say whether the Department should resort to re-tendering.

28. Summing up, **the Chairman** felt strongly that once the tenders were opened, there should not be subsequent changes to the contract conditions as a matter of principle.

Action

29. A Member looked at the extension of the DLP from another angle: as all the works were required to be properly undertaken, defects should be an exception so that one-year or two-year DLP was not that material to the successful tenderer. He suggested that the subject officers urgently find out from Gammon Construction Ltd., the lowest tenderer whether a two-year DLP was agreeable. **The Chairman** then decided that the other two companies (namely Chee Cheung Hing & Co., Ltd. and Hsin Chong Construction Co., Ltd.) should also be sounded out. Decision of the Committee on the recommendation in this paper would hinge on the findings of the Project Team.

DD/W

30. Now that it was accepted in principle that a two-year DLP should be a requirement in all future tender documents, **Mr Bates** suggested and the meeting agreed that the Department later come back with a paper as to which other quality assurance points should be included when tenders were invited.

31. As an interim arrangement, **Mr T.C. YUEN** suggested that without waiting for the conclusion of the quality assurance consultation exercise, it should be well-advised to seek to introduce, in all new contracts where appropriate and on individual merit basis, certain quality assurance initiatives that this Committee would have no difficulty accepting, such as extension of the contract period for one/two months for piling/building works respectively and extension of the DLP to two years across the board.

BD/D

32. **The Director** opined that given Members' position this morning, it would only be fair of the Department to immediately write to all the contractors that they were expected to be bound by a two-year DLP.

33. In response to a Member, the consultants advised that -

- (a) Details on the piles and the piling system were contained in paragraph 6(a)(ii) of the paper. The Member, however, considered the information too sketchy and requested similar kind of details as was the case in the other tender papers today.
- (b) Tysan Foundation Limited was the piling contractor in collaboration with Hsin Chong. The Chairman declared his interest that he was a non-executive director of a listed company that had a 4% stake in Tysan.

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- (c) Of the seven tenders received, Gammon would use its own subsidiary piling contractor while the others use Tysan; hence only two specialist sub-contractors were involved.
- (d) There would be an RSE report after completion of the piling but before the construction of the pile caps so that at the end of the day there would be two RSE reports for this part of the construction works.

34. On the preferential tender scores in paragraph 5(c) of the paper, **the Chairman** observed that the 80 'financial' and 20 'technical' did not represent a true 80:20 value although the system itself would not affect the ranking. Assuring Members that the methodology adopted here was that approved by this Committee, **Mr Bates** said that he would look into whether a review in this respect was required. In response to a Member, the Department explained that only consecutive adverse reports relating to the same project would be demerited and such a mechanism was endorsed by the Committee last year.

35. Referring to sheet 1 of Annex C1 to the paper, a Member expressed his uneasiness over the rather high project development costs per m² construction floor area of the PRH and of the Commercial Centre in comparison with those in the private-sector development.

36. Adducing the figures under paragraph 10(b)(ii) on the Commercial Centre, the Department said that the super-structure cost was not excessive to the standard cost yardstick after adding back the A/C to the yardstick. The high development costs were attributed to the high foundation cost and other costs to which normal private-sector development did not apply.

37. In response to another Member, **Mr Thomas KAM** acknowledged that additional expenditure had to be incurred on the foundation work (sheet 2 of Annex C1 to the paper) for failure to have provided comprehensive geotechnical requirements to the tenderers from the outset. The need to increase the plot ratio of the site had also attracted additional expenditure by itself. With the aid of the drawings on the white board, **Mr Joseph KONG** demonstrated to Members how the changes in design assumptions (from the use of raft footing to piling) had affected the foundation works and what the built-up deck area over the slope was all about. A Member remarked that if the built-up deck area could be turned to good account, the extra \$15M was worth spending. The Department responded that the deck could help relieve the congested condition

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in the development.

38. Regarding the quality assurance paragraph on page 7 of the paper, a Member queried the need for as many as four layers of site supervision personnel. The consultants conceded that the manning scale of the site supervision personnel for this project was an enhanced one in view of its urgency and complex nature. To address Members' specific concern, the Department would ensure that all site supervision personnel in this project were well versed with the duties in accordance with the Department's guidelines.

39. On the additional cost of \$15.46M under paragraph 7(f) of the paper, **Mr Thomas KAM** said that it was due to a more cautious pricing on foundation by the tenderer.

40. In response to the Chairman, **Mr Kam** clarified that under paragraph 3.3.2 of Annex D to the paper, Gammon was merely objecting to those nominated sub-contractors who were not on its list or who had failed to live up to its expectation in their previous service with the company. He was satisfied that there was still sufficient nominated sub-contractors to choose from without prejudice to Gammon's discharge of the contractual obligations if it got the tender.

41. **The Chairman of the Housing Authority** took the opportunity to drive home a strong message that a project team (consultants and concerned staff) coming before this Committee had to be veritably well prepared and it was imperative that the consultants' project team be thoroughly knowledgeable of the project under their charge.

(The Project Team left the meeting at this juncture.)

42. Members were generally unhappy with the performance of the consultants who were clearly ignorant of the project concerned. **The Director** said that when the Department outsourced it expected the consultant firms adding as its extensions. In many cases this worked extremely well. In some cases, however, departmental staff had found it necessary to nanny the consultants, which was much more onerous than where a project was handled entirely in-house. **The Director** showed his great disappointment over the poor performance of the consultants for this project. He paid compliments to the departmental staff who had attempted arduously to carry the consultants through.

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43. **The Director** suggested that when the Department had a re-look of the system, its list could be reconstructed so that it would consciously hire firms that specialized in project management and not architectural firms generally.

44. In echoing the Director's point, a Member suggested that in projects of this nature, the Department should be looking for the right kind of professionals to take charge, including structural engineers and geotechnical engineers.

45. The project team rejoined the meeting at 11:15 a.m. **Mr Thomas KAM** reported that Gammon Construction Limited, the lowest tenderer, while agreeing to extend the DLP to two years, indicated that it would need time to consult its nominated sub-contractors and there would be cost implications, the size of which had yet to be assessed. The Committee treated Gammon's response as negative. On the other hand, both Chee Cheung Hing & Co., Ltd. and Hsin Chong Construction Co., Ltd. stood prepared to accept a two-year DLP without extra cost. **Mr Kam** also reported the responses from the three nominated sub-contractors on the proposed extension of the DLP to two-years - Paul Y - ITC (E&M) Contractors Ltd., the lowest tenderer agreed subject to an additional cost of \$200,000 while both Tridant Engineering Co., Ltd., the second lowest and Yew Sang Hong Ltd., the third lowest would accept the extension without any additional cost.

46. Having regard to the supplementary information, the Committee decided to support the recommendation in paragraph 9 of the paper which was then **approved**.

(Mr Thomas KAM & Mr K C LIU of CYS Associates (HK) Ltd., Mr Joe S K LIU of DG Jones & Partners and Mr Brian PAU & Mr S H LAU of Meinhardt (M&E) Limited left the meeting at this juncture.)

(Item 2) Publicity Plan for Site Safety Campaign
(Paper BC 16/2000)

47. **Mrs Katherine YAU** briefed Members on the paper.

48. In supporting the paper **the Chairman of the Housing Authority** emphasized that it was the result that measured, i.e. whether site safety had improved consequent to the campaign. She asked that Members be apprised of the result through a reporting system where details such as the number of fatal

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and non-fatal accidents should be provided. Hopefully, the problem of site safety could be gradually resolved.

49. In response to a Member, **Mr Bates** said that figures on the fatality and injury from site accidents had come down again. He informed Members that to be presented for discussion at the April meeting of the Committee, the other thematic paper would not only cover the safety campaign itself but also every other thing including the reporting system in which the consultants had given very explicit recommendations on the ways that the contractors and their performance should be monitored.

50. On the basis of a set of latest figures, **Mr David LEE** informed the meeting that taking into account the number of workers on site, the fatality rate in fact registered a drop of 43%. Thanking HA for its generosity in contributing safety shoes for use by workers on site, **Mr Lee** stated that accidents from stepping on objects had been greatly reduced. **Mrs Yau** said that this would form part of the publicity programme on which the Department was working closely with the consultants.

51. Impressed by the drastic reduction in the number of accidents on site of the workers through the wearing of safety shoes, a Member wondered whether the Department could make it a condition in the tenders that the contractors must provide their workers with these shoes which were inexpensive items. **Mr Bates** promised to look at this but thought that the shoes might not be suitable for workers engaged on scaffolding or those who simply delivered materials to site.

DD/W

52. In response to another Member who suggested that given the effectiveness of the Green Card System, the programmes planned for 2002 should be advanced. **Mrs Yau** explained that a number of the programmes were regular, ongoing ones starting the first year (2000) so that the Member's concern was in part addressed. Supplementing, **Mr Bates** said that it was the consultants' advice that as part of the overall strategy, the Department go for the management first in the early stage of the campaign. As regards the training of workers, **Mr Bates** agreed that certain elements of it could generally be brought forward. There were two points here, one was the Green Card System which, though easy to implement, was not particularly rigorous in terms of its training contents. He envisaged that with the participation of CITA and HKCA, the Green Card System (which must be renewed every three years) could be tightened up. The second point was the development of a Silver Card System.

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The intention was that the Green Card System would give workers a broad base of experience while the Silver Card represented a second-level training on the skills required for specific trades.

53. Subject to the above comments, the proposed Site Safety Campaign Projects and the action plan for the first year as stated in Annexes B and C to the paper were **endorsed** by the Committee.

(Item 3) Proposed Outsourcing of Commissions to Consultant Quantity Surveyors in 2000/2001 (Paper No. BC 20/2000)

54. The paper was jointly presented by Mr Johnson YUEN and Mr Lawrence CHUNG.

55. Highlighting the salient points in the paper, **Mr Johnson YUEN** explained that the rationale behind the revision of the weighting in the Technical/Fee score from 50/50 to 70/30 in selecting consultant quantity surveyors was to place greater emphasis on the technical requirements of them. In response to the Chairman, **Mr Bates** confirmed that these scores had been normalised as in other QS assessments.

56. A Member suggested that the consultant quantity surveyors be asked to give professional opinions as to the reasonableness of the bids submitted in the works tendering exercises, in particular whether the bids compared favourably with those in private-sector developments. **Mr Johnson YUEN** was of the view that as conditions governing HA contracts and those in the private sector were dissimilar, we might not be comparing like with like. He assured that the consultant quantity surveyors would always be able to provide broad indications as to the current level of prices which should help Members in their assessment of the tender bids.

57. **The Chairman of the Housing Authority** took the opportunity to recapitulate two points which had been stressed very heavily during the deliberation on the quality housing consultation exercise, one being partnership and the other the right kind of expectations we had on the consultants. As we had raised the technical score to 70%, it was all the more important that we got what we wanted from the consultants. 'Technical' here was tantamount to quality control and we should from the very beginning tell the consultants our

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exact requirements in no uncertain terms which they must meet without fail. While noting that in paragraph 9 of the paper, mention was made of a reporting system in which the consultants' performance would be assessed quarterly, **CHA** considered this not entirely satisfactory. She asked that departmental staff maintain constant communication with the consultants towards nipping problems in the bud. This necessitated cultural change on the part of departmental staff who should realize that they must not nanny the consultants but control them to ensure that they got what the Department expected from them, and this was the underlying meaning of partnership. The 25 projects which were the subject of the present outsourcing exercise involved a huge sum and the Department must get value for money.

58. A Member observed that the way that services were procured by HA could at best result in the delivery of a conventional scope of QS services by the consultants and services like value engineering should be provided. **Mr Johnson YUEN** responded that the project team had explored and weighed different design options at the planning and design stage prior to submission to this Committee for consideration. Nevertheless, he accepted that the system and the process could be further improved.

59. On the question of communication with the consultants that CHA had made a point raising, **Mr Yuen** informed that currently there were regular meetings with the QS consultants and he would further strengthen the communication with them. **Mr Lawrence CHUNG** added that during the execution of works stage, close contacts between the quantity surveyor and the project manager would continue unabated in order to work out the most cost-effective solutions to the problems encountered.

60. In response to a Member who urged cultural exchange between in-house architect/consultant QS and consultant architect/in-house QS, **Mr Yuen** said that such exchanges were not uncommon as about half of the QS commissions were outsourced and there were chances of having these mixes.

61. A Member queried whether item 13 in the Annex should have been absorbed under either item 7 or 8. **Mr Yuen** promised to find out.

CQS/CS

62. In response to the same Member, **Mr Yuen** confirmed that item 24 in the Annex was related to Paper No. BC 21/2000 for discussion at the same meeting later so that approval for this item depended on the approval of that paper.

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63. Subject to these comments, the recommendations at paragraph 12 of the paper were **endorsed** by the Committee.

(Item 4) Audit Report on Examination of the Pre-contract Administration of Nominated Building Services Sub-contracts of New Works
(Paper No. BC 21/2000)

64. **Mr K T CHAN** briefly brought Members through the paper which the Committee **approved** without further comments.

Report

(Item 5) Monthly Progress Report - January 2000
(Paper No. BC 19/2000)

65. **Mr John CHIU** presented the paper with the support of visual aid.

66. On the 5-year forecast production for 1999/2000 to 2003/2004, **Mr Chiu** said that the current financial year would witness a slippage of some 3,000 flats to the following year (2000/2001) and for the year 2000/2001, the slippage was estimated to be some 6,400 flats. The forecast production in 2001/2002 would become 43,400. This had in fact evened out the first two-year production for the 5-year period under discussion to 52,500 flats each year which happened to be generally in line with the government's annual production target of 50,000 flats.

67. In response to the Chairman, **the Director** ascribed the slippages to a number of composite factors, the major one being that the Southeast Kowloon reclamation was not coming on stream as there was no agreement yet on the development in that region.

68. On the actual production for the year 1999/2000, **Mr Chiu** explained that the completion figure of 42,600 at the end of January had included 7,600 flats that were completed in the month of January. To meet the production target, therefore, 12,000 flats would yet have to be produced and most of these would happen in March 2000.

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69. Coming to the progress of the projects under construction, **Mr Chiu** had pleasure in reporting improvement on more than one front. Of the 128 projects under construction, 106 (or 84% in terms of the number of flats) were on schedule. Equally relieving was the fact that projects suffering a 3-month delay had dropped to 7 from last month's 12. **Mr Chiu** was however acutely aware that the delay in some projects (in particular those that were beset by foundation problems) would continue for quite some time to come.

70. As slippage in production in one year would automatically be carried forward to the next year, a Member was worried that failure to accomplish the peak production in 2002/2003 would have a knock-on impact on the years leading to 2004/2005, which would in turn prejudice the waiting time for public housing, thus defeating the Chief Executive's objective of shortening the waiting time to 3 years by 2005. **Mr Chiu** expected that in 2003/2004, a reduced rather than increased production would be the scene as, among other things, there was a proposed transfer of some HOS flats for private housing development that was not reflected on the charts. **The Director** added that even taking into account the known and minor anticipated slippages, the waiting-list pledge could still be met without causing undue problems. There would however be a problem at the end - mainly the Southeast Kowloon reclamation and the Department was looking into alternative provision. In response to a Member, **Mr Chiu** indicated that optimistically public housing production at Southeast Kowloon reclamation could be started at the end of 2004 but in the worst scenario, it would be in the year 2007. **The Director** supplemented by saying that some of the land was already there and what was lacking were funds for the necessary engineering work of the apron. He envisaged that the delay would have a ripple effect as part of the site had been earmarked for decanting purposes in support of the Comprehensive Redevelopment Programme.

71. **The Chairman of the Housing Authority** reminded departmental staff involved in project management to monitor the building works with unremitting effort with the advent of the peak production period when many more matters would be competing for their undivided attention all the time.

72. Members **noted** the paper without further comments.

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Part II : Straightforward Papers

73. **The Chairman** remarked that he had just received a Member's request for **discussion** of the first four papers (BCT 2/2000 - 5/2000).

Foundation

(Item 1) Tender for Foundation for North Part of West Kowloon Reclamation Site 10 Phase 2 at Shamshuipo

(Contract No. 85 of 1999)

(Paper No. BCT 2/2000)

(Mr Robert SUM of Wong & Tai Associates Ltd. and Mr K W TAM & Mr Andes WONG of Fugro (HK) Ltd. joined the meeting at this juncture.)

74. In response to a Member who was surprised to find that Tower 9 had been excluded from the tender, **Mr Bob SUM** explained that this was a non-standard block of its own, intended for small household but not necessarily for the elderly. The meeting was told that the change in design of this block would go to the Strategic Planning Committee shortly. **Mrs Angelica LAM** supplemented by saying that, to form part of the Phase 4 development, Tower 9 would have its piling works taken care of by the tender for Phase 3. As the whole site would come under one single lease, the King Shan Court problem would not recur.

75. On a Member's query over the need for three distinct layers of site supervision personnel with the relatively smaller scale of the works, **Mr Sum** replied that these personnel did have separate responsibilities which would cover the whole spectrum of duties expected of them as a team. The Resident Engineer would be a qualified structural engineer experienced in foundation works. He would see to it that the piling works were being executed in strict compliance with the approved plans in terms of design assumptions, founding materials and levels, pile lengths, quality and quantity of materials. While his work would be directly overseen by the consultants, he would in turn closely supervise the work of the two lower layers of personnel in the quality assurance initiative. The Clerk of Works/Assistant Clerk of Works/Assistant Engineer would be an assistant professional familiar with HA's requirements. The Works Supervisor would be chiefly responsible for recording site activities to technical details.

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76. The paper was then **approved** by the Committee without further comments.

(Item 2) Tender for Foundation for Tseung Kwan O Area 73A Phase 3
(Contract No. 118 of 1999)
(Paper No. BCT 2/2000)

77. In response to a Member, **Mr S T CHAN** explained that the Senior Inspector of Works, being part of the quality assurance team, would be deployed mainly on carrying out surprise checks of the assignments undertaken by the Inspector of Works and the Works Supervisor while the work of the full-time Resident Engineer would be checked by the Project Senior Engineer and Mr Chan himself. The SIOW would have spare capacity for similar duties of another project, hence the manning scale.

78. The Committee then **approved** to paper without further comment.

(Item 3) Tender for Foundation for Tsang Kwan O Area 73A Phase 4
(Contract No.119 of 1999)
(Paper No. BCT 4/2000)

79. **The Chairman** declared his interest as he was a non-executive director of a listed company that held 4% shares of Tysan Foundation Ltd., the second lowest tenderer.

80. The Member who requested discussion of the paper confirmed that his concern had already been addressed when Paper No. BCT 3/2000 was discussed earlier. The present paper was then **approved** by the Committee without further comment.

(Mr Robert SUM of Wong & Tai Associates Ltd. and Mr K. W. TAM & Mr Andes WONG of Fugro (HK) Ltd. left the meeting at this juncture.)

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Building Services

(Item 4) Tender for Electrical Installation for Construction of Po Lam Road Housing Development Phase 1

(Sub-contract to Contract No.26 of 1999)

(Paper No. BCT 5/2000)

81. Having regard to the confirmation of Mr Thomas KAM (See paragraph 40 above) of the consultants that Gammon Construction Ltd. (the successful bidder for the main contract vide paragraphs 46-47) had no objection to Paul Y-ITC (E&M) Contractors Ltd., the lowest tenderer for electrical installation, the Committee **approved** the recommendations in paragraph 4 of the paper.

Maintenance/Improvement

(Item 5) Report on Tender for District Term Maintenance Contracts (DTC)

(Contract Nos.145 of 1999 (Ma On Shan District) 2000/2002

146 of 1999 (Shatin North District) 2000/2002

147 of 1999 (Shatin South District) 2000/2002

148 of 1999 (Kowloon Central District)

2000/2002

149 of 1999 (Chuk Yuen District) 2000/2002)

(Paper No. BCT 6/2000)

82. Members **approved** the recommendations in paragraph 6 of the paper.

ANY OTHER BUSINESS

(Item 1) Consultancy for Quality Assurance

83. **Mr Bates** said that as part of the quality assurance initiatives, an independent consultant had been commissioned at HA's direction to conduct a review of the production process of HA development and to recommend improvements in managing and supervising the development and construction of public housing. The objectives of the consultancy study are -

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- (a) To identify areas to improve operational/organisational efficiency and effectiveness of the Department and to enhance overall performance;
- (b) To identify problem areas for process re-engineering to improve overall productivity;
- (c) To strengthen internal control and accountability; and
- (d) To eliminate the recurrence of construction and related problems and to restore public confidence in HA developments through an independent critical review of the production process.

84. The meeting noted that starting from 1 March 2000, the consultancy would take three months to complete during which Members might be approached for input.

85. There being no other business, the meeting closed at 11:25 a.m.

CONFIRMED on 23 March 2000

Mr Daniel LAM, JP
(Chairman)

Gilbert HO
(Secretary)