

## **FINANCIAL AND STAFFING IMPLICATIONS**

64. For the quality measures implemented in new projects or projects under construction, the financial and staffing implications have been assessed and submitted to the relevant committees for endorsement.

65. Regarding the effects on contract prices, there is no significant increase in prices for the implemented quality housing initiatives due to keen competition under the current slack construction market condition except on the 35% increase in foundation costs representing about 3% increase in the building costs. This price increase had been reported to the Building Committee in May 2001 (Paper No. BC 61/2001 refers). As the HA puts greater emphasis on quality performance, we believe that any ultimate increase in project cost will be fully justified on the face of the better quality and value for money in our products and services. In the longer term, the industry should provide better value for money through the application of new techniques, process re-engineering, reduction of waste and non-value added activities.

66. On the staff resources aspect, the Department is making its best effort to absorb the additional workload occasioned by the Reform from within existing resources. Additional staff resources are mainly acquired for reinforcing the site supervision of in-house projects and for setting up of the Independent Checking Unit (Paper nos. HRC 37/2000, 53/2000 and 59/2000 refer). To cope with the peak production, the Department has strengthened the site staff resources by recruiting additional staff resources, outsourcing part of the final flat inspection works to consultants, and by internal redeployment of staff from supporting functions to site supervision teams.