

## THE HONG KONG HOUSING AUTHORITY

### Memorandum for the Housing Authority and the Building Committee

#### QUALITY HOUSING : PARTNERING FOR CHANGE

#### Report on Enhancing Public Housing Quality For the Period from 2000/01 to 2001/02

#### PURPOSE

This paper informs Members of the progress of the implementation of the recommendations for enhancing public housing quality for the period from 2000/01 to 2001/02.

#### BACKGROUND

2. To drive the quality reform of the construction industry, the Housing Authority (HA) published a consultative document entitled "Quality Housing : Partnering for Change" on 27 January 2000 for public consultation (Paper No. HA 8/2000 refers). At its meeting on 14 April 2000, the HA endorsed the two-phased implementation plan containing 50 Quality Housing Initiatives (QHIs) under 11 pillars to enhance housing quality (Paper No HA 24/2000 refers).

#### PROGRESS AND ACHIEVEMENTS

3. Since April 2000, we have been actively turning the initiatives in the reform blueprint into materialization to bring forth the intended improvements. Actions have been taken on all 50 QHIs as planned. The implementation status of the 50 QHIs is shown at **Annex A**. We have submitted progress reports to inform Members on a quarterly basis. The report at **Annex B** covers the details of our implementation during the period between April 2000 and end March 2002. The ensuing paragraphs highlight some of the salient points for Members' reference.

4. As at end March 2002, we have already implemented 48 of the 50 QHIs. The remaining two outstanding QHIs will be launched to synchronize with the outcome of the recommendations arising from Government's review of the Housing Institutional Framework.

5. With most of the 50 QHIs successfully implemented or tried out under pilot projects, we have been monitoring their effectiveness and fine-tuning their implementation details as an on-going process. Our achievements on various fronts under the 11 pillars of reform are categorized into the five focus areas, namely, **Partnering, Procurement, Quality Products & Productivity, Quality Services & Systems, and Quality People.**

### **Partnering**

6. To enable various stakeholders to work together for delivery of quality housing, we have established and reinforced partnering culture on all fronts. We have rationalized risk allocation in our contract arrangements and strengthened dispute resolution mechanisms. We have strengthened the project management functions and professional services, established more communication channels to enhance mutual understanding throughout. At project level, partnering workshops are applied to all projects in order to promote teamwork, good practice and commitment on quality, safety and environmental protection.

### **Procurement**

7. On procurement, we have adopted a quality-based approach to the selection of our business partners. For the procurement of professional services, we have reformed the practices for engaging consultants through the adoption of the enhanced two-envelope system and direct appointment of consultants of different disciplines. Apart from reforming our listing and tendering practices, we have introduced the "Premier League" Scheme to secure competent contractors and launched the new PASS 2000 for enhancing objectivity of contractors' performance assessment.

### **Quality Products and Productivity**

8. Ensuring the delivery of quality products to our customers is our top priority. Structural safety guarantee and enhanced customer services have been provided to HOS purchasers. To ensure the quality of piling works, we have taken on board the recommendations from the Investigation Panels on Tin Chung Court and Yuen Chau Kok in revamping the piling process with

restrictions on subcontracting. As sustained improvement is the key to future success, we have worked with the industry to strive for greater productivity by launching pilot projects to promote wider use of prefabrication, information technology, green and intelligent designs.

### **Quality Services and Systems**

9. To provide quality services to our customers, we have further reinforced our on-site supervision and monitoring to ensure high quality acceptance standard before handover. Customer services teams are available at handover of flats to ensure that defects are dealt with speedily. To reinforce third party control and to align our systems and practices with Buildings Department's requirements, the Independent Checking Unit established under Director's Office has been expanding its scope of works.

### **Quality People**

10. To nurture quality people in the construction workforce, we have further raised the contract requirements on trade test certification and uplifted their professional status to attract and retain capable personnel.

11. The implementation of the 50 QHIs has taken effects and brought about some initial successes. Despite a record-high housing production in 2000/01, there was a 30% drop in the number of building defect complaints. Building Contractors' output quality performance scores have also improved by 10% as at end-December 2001.

12. There is no significant increase in contract prices as the result of the implementation of the 50 QHIs due to keen competition under the current slack construction market condition except on the 35% increase in foundation costs, which represents about 3% increase in the overall building costs.

### **WAY FORWARD**

13. The Authority and the Department are fully committed to improving the built quality of the public housing. Since we launched the Quality Reform, we have made good progress and we have worked closely with other stakeholders in striving for continuous improvement. So there has been progress. But there is still far to go.

14. The Construction Industry Review Committee (CIRC) report released in January 2001 has recognized the effort of the Authority's on-going quality reform, endorsed and incorporated our reform measures. The CIRC recommendations specifying Housing Authority as the implementing party have either been rolled out or are in the pipeline. With the establishment of the Provisional Construction Industry Co-ordination Board (PCICB) in September 2001, we will continue to get ourselves actively involved so as to add further momentum to the reforms that are already underway.

15. To carry the quality reform forward, we will need to focus our effort on two very basic but essential issues, i.e. buildability and procurement. The former emphasizes on prefabrication and process improvements whilst the latter is set out to explore new partnering strategies with a gain share/pain share formula. It is our belief that the move towards more prefabrication will cause quality control off-site and make work supervision more effective. The new partnering strategies are, however, an evolutionary step to encourage continuous improvement and time and cost saving initiatives to which the present competition environment could not be conducive.

16. The Housing Authority has always been and will always be a forerunner of construction innovation. Looking ahead, we believe that with our incessant commitment we will continue to be the key player in reforming the construction industry in Hong Kong.

## **INFORMATION**

17. This paper is issued for Members' information.

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File Ref : HD(D)(QTF) 7/1  
Date : 7 March 2002