

(I) PARTNERING

9. Partnering is the key to enable various stakeholders to work together for delivery of quality housing. Establishing a partnering framework requires enhancing communication and fostering a partnering culture with both internal and external stakeholders. To this end, reforms have been launched to establish / reinforce partnering relationships on all fronts through rationalizing risk allocation, strengthening communication and resolving disputes. At the same time, internal partnering is enhanced through departmental reforms and re-engineering committee structure. Initiatives on "Partnering" embrace the following pillars of reform -

- Pillar Five - Establishing a Partnering Culture
- Pillar Seven - Reinforcing Partnering Culture
- Pillar Six - Re-engineering Departmental Operations

Pillar Five - Establishing a Partnering Culture

10. We believe that the foundation for sustaining the success of our reforms will be the establishment of a partnering culture. To this end, we have taken actions to achieve **more equitable risk-sharing** by extending the construction periods for piling and building works by one month and two months respectively, and revising the contractual arrangements which include -

- (a) The **reduction of the level of liquidated damages** for piling to remove incentives for cutting corner.
- (b) The **wider use of “engineer’s design”** for piling works to reduce the technical risks of contractors.
- (c) **Extension of time due to unanticipated complex ground conditions** for piling contracts based on contractor’s design.
- (d) Setting up of the **Foundation Advisory Panel (FAP)** to examine the risk assessments for foundation works. Since its establishment in May 2000, FAP has to-date considered submissions from 26 projects. Of these projects, 18 have

adopted engineer's design approach based on Panel's advice or Contract Manager's own technical assessment. For the remaining projects using contractor design, FAP also recommended specification enhancements to minimize the risk exposure.

11. To reduce the technical risks of Contractors in justifiable circumstances on the merits of individual cases, we have obtained BC's approval in October 2000 (Paper no. BC 157/2000, QH 17/2000) on the principles for assessing the **waiving of Liquidated Damages for delay due to unanticipated complex ground conditions and the Quality Housing Initiatives** on supervision enhancement and design approval on piling works.

12. Furthermore, we have been taking further actions to **re-allocate the risks of unforeseeable adverse ground conditions and change in law unforeseeable at tender for HA's new works construction contracts** (Paper No. BC 37/2001, QH 4/2001 refers). A consultant has been engaged to examine the details.

13. To establish and foster the partnering culture, we have continued strengthening communications with other stakeholders. These include-

- (a) To foster a partnering spirit during project implementation, project teams under 27 pilot projects have held **project partnering workshops** with the contractors to enhance mutual understanding and communication. Wider application of partnering practices is being introduced by rolling out more projects.
- (b) Pilot **Value Management Studies** for five projects have been arranged for projects at planning and design stages for strengthening the decision making process to achieve cost-effective solutions.
- (c) To reinforce stakeholders' commitments in delivering quality housing, the first annual **Partnering Symposium** was held on 19-20 October 2000 with active participation of the Authority's major stakeholders. The Symposium provided a forum for these stakeholders to

exchange views and ideas in enhancing building quality, and to facilitate implementation of / or reaffirming quality initiatives through partnering. The second Annual **Quality Housing Partnering Conference** with the theme of "new challenges in quality housing reforms" was successfully held on 16 January 2002.

- (d) Four sessions of the **Site Works Forum** have been held in 2000 with in-house staff, consultants and contractors to provide quick resolution of site problems. Over 120 items have been cleared through the discussions. Procedural changes to empower changes by project teams were also initiated and materialized. Quick resolution to site feedback had since been integrated in the line management through **focused group discussions** amongst audit, site and development teams.
- (e) We have also taken proactive actions in obtaining **feedback from the internal and external stakeholders** through the workshops on various subjects, formal and informal meetings on a regular basis to fine-tune the implementation details of the reform measures.
- (f) To promote teamwork and publicize stakeholders' participation, **honorary plaque** for individual buildings with the corporate names of the project team, consultant, contractor and sub-contractors is to be installed in projects completed after November 2001.

14. Pending the policy decision, we will review the Building Committee (BC)'s structure and operations so as to reinforce the partnering relationship between BC and the Department.

Pillar Seven – Reinforcing Partnering Culture

15. Contractual disputes during project implementation are common. To resolve disputes speedily, we have obtained BC's approval in December 2000 (Paper no. BC 182/2000, QH 24/2000 refers) regarding the use of **dispute resolution advisers** in piling and complex building

contracts and the launch of pilot projects^{Note1} to test out the mechanism for settlement of disputes. An interim review will take place in 2002.

16. To ensure **sustained customer satisfaction**, we need to proactively address the needs of customers as end-users of our products. To tap customer feedback, we have conducted customer satisfaction surveys on a regular basis. In addition, we have tried out at Shui Chuen O a "**feed-forward partnering approach**" involving early management and maintenance inputs during design stage so as to promote a customer-focussed culture of designing for durability, sustainability, manageability, maintainability and life-cycle cost control.

17. To enhance objectivity and consistency in **performance appraisal**, we have reviewed the consultants' appraisal system in consultation with internal and external stakeholders.

Pillar Six - Re-engineering Departmental Operations

18. Since April 2000, Development and Construction (D&C) Branch has been reviewing its operations and set-up in consultation with its stakeholders, staff and their associations, assisted by an experienced project management practitioner. Since then, D&C Branch has already introduced measures to streamline decision-making, reform audit process, and strengthen site supervision. Furthermore, structural change has taken place by establishing the Independent Checking Unit under Director of Housing independent of Business Branches since November 2000.

19. With the aim of making its operations more effective to cope with new challenges ahead. D&C Branch has been progressively introducing various measures to **strengthen the project management functions** and professional services throughout (Paper No. BC 171/2001, QH 23/2001 refers). These strengthening measures introduced are part and parcel of the entire package of measures in re-engineering departmental operations. Staff members at all levels of D&C Branch have

^{Note1} The pilot projects adopting the dispute resolution advisor systems are the piling contract at Fanling Area 36 Ph.3, building contracts at Tin Shui Wai Area 101 Ph.2, Un Chau Street Ph. 2 & 4 and Shui Chuen O.

been briefed and staff deployment took place in January 2002.

20. We have also revised procedures to allow greater delegation of authority, expedite decision-making and facilitate problem solving on site using professional judgement. The revised site inspection procedures are now in use. We have also adopted a less prescriptive approach on management control. Quality audits have adopted a qualitative approach focusing on enhancing product quality, rather than using a quantitative approach to find non-conformities in projects.

21. A consultancy study to review the ISO 9000:2000 quality system is now being conducted. The objective of the study is to identify the strengths and weaknesses of the quality management system in terms of compliance with ISO 9001:2000 requirements and management effectiveness, flexibility and ability to respond to changes. The study is targeted to be completed by mid 2002.