

**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

HPLB(PL)048

Head : 82 Buildings Department    Subhead (No. & title) : 000

Operational  
expenses

Question Serial No.

1014

Programme : Buildings and Building Works

Controlling Officer : Director of Buildings

Director of Bureau : Secretary for Housing, Planning and Lands

Question :

The Buildings Department's estimate for the coming year is \$803.9 million, which is 9.3% significantly higher than the revised estimate for 2003-04. One of the major increases is under Subhead 000 "Hire of services and professional fees" which is estimated to be \$86.021 million in the coming year. It is about 25 times over the original estimate for 2003-04, and more than doubled the revised estimate for 2003/04.

Please provide details of the relevant services items and compare if this would affect the total estimates of expenditure when the works are undertaken by departmental staff, and how to ensure the standard of the hire services is in the best sense of cost-effectiveness.

Asked by : Hon. LEUNG LAU Yau-fun, Sophie

Reply:

In the 2003-04 original estimate, \$191.9 million was included under "General departmental expenses" of Subhead 000. As outsourcing to private firms was adopted for the investigation and removal of unauthorized building works (UBW), \$33.9 million was re-grouped to "Hire of services and professional fees" in the 2003-04 revised estimate, amounting the revised estimate for "Hire of services and professional fees" to \$36.2 million. In the event, the 2004-05 estimate figure of \$86.0 million when compared to \$36.2 million would only represent an increase of about 2 times. The increase in expenditure is for:

- (i) increased outsourcing in the investigation and removal of UBW in progress, large scale clearance of UBW and investigation and monitoring of building repairs, amounting to \$24.2 million;
- (ii) outsourcing part of enforcement actions to the Housing Authority in respect of backlog removal orders, drainage defects in private buildings and UBW in rear lanes and blackspots, amounting to \$16.3 million; and
- (iii) carrying out consultancy studies on standards of building design and conditions of existing buildings, amounting to \$9.3 million.

For item (i), the outsourced professional work includes building inspections, drafting of removal and repair orders and follow-up actions on the orders issued. For item (ii), the services include both the above professional work and enforcement duties which can only be performed by departments specified under the Buildings Ordinance. For item (iii), the consultancy studies in question call for professional services in specialized areas.

The total departmental expenditure would be higher if the above outsourced tasks are to be carried out by departmental staff. The cost of hiring private services is generally lower than that of using civil servants because of higher staff cost in the latter case. In addition, the tasks involved are time-limited in nature and professionals providing such services are available in the private sector.

All necessary requirements and standards relating to the delivery of services are laid down in the contract brief. The performance of consultants and contractors is closely monitored and appraised. The Environment, Transport and Works Bureau Technical Circulars entitled "Reporting and Management of Consultants' Performance", "Preparation of Technical Proposals and Marking Scheme", and "Contractor Performance Index System" set out details and procedures on selection, monitoring and appraisal of consultants and contractors. BD has also set up a performance management system to assess the performance of the consultants and contractors. Where performance is found to be continuously poor, we will suspend or terminate the contract under the General Conditions of Employment.

Signature	_____
Name in block letters	Marco WU
Post Title	Director of Buildings
Date	25.3.2004