

# Surveying

news

Volume 9 Issue 7,  
August 2000



## Message from the President

Mr Francis Ng

A working group was formed under the chairmanship of Mr Leung Kam Leung to formulate the Institute's views on the Sales Descriptions of Uncompleted Residential Properties Bill. Meetings have been held in mid-June, and the group has kindly prepared a reply to the Housing Bureau. In this issue of the newsletter, I would highlight some salient points for members' information.

### 1 GENERAL REMARKS

- 1.1 The Institute supports the Objective of the Bill, i.e. to enhance the accuracy, uniformity and transparency of the information provided in sales brochures and advertisements on the public sale of local uncompleted residential properties.
- 1.2 However, there are provisions in the Bill, in particular, the information required under Schedule 1, which need further consideration. The bulk of information proposed to be included in the sales brochure may not serve its purpose. Some provisions are difficult to implement.

### 2 LOCATION PLAN (SEC. 4 OF SCH. 1)

- 2.1 It would be sufficient to show a copy of the statutory plan in the sales brochure. There are practical difficulties in showing the intended land use as specified in non-statutory town plans as these plans may be subject to amendment at any time without public consultation and are normally restricted to internal use of government departments/bureaux. Purchasers may be misled by the very tentative land use shown on these plans. The definition of "town plan" under Clause 2 should therefore exclude non-statutory plans like outline development plans and layout plans.

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## MONEY \$ TALKS FOR THE JOINT PROFESSIONAL CENTRE (專業聯合中心)

*P.C. Lau, Convenor of the JPC, HKIS Past President*

As the Convenor of the JPC, I have much pleasure in reporting to members that after lobbying by the professions for over 20 years and with the support of the Government, the JPC, which is intended for the use of the development, promotion and furtherance of Hong Kong's professional services, is now taking shape. By the time this Newsletter reaches your hands, you will have learnt through the Institute or the media that the JPC which has been rented from the Land Development Corporation at a nominal rent of \$1. p.a., commencing from 1 July 2000 and having a net floor area of 7,400 ft<sup>2</sup> (687 sq. m) at The Centre, 99 Queen's Road Central, was officially launched by the HKSAR Chief Executive, Mr C.H. Tung on 1st August 2000.

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The 10 professions meeting the HKSAR Chief Executive

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SURVEYING is the newsletter of the HKIS. It is distributed to members, students and friends of the surveying profession free of charge. Anyone wishing to receive a copy may contact the office of the Institute.

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## EDITORIAL CONTRIBUTIONS

Surveying encourages article queries and submissions. Article submissions should include both hard (printed) copy and a diskette in Word format. Contributions should reach the Hon. Editor at the office of the Institute before the 10th of each month.

## Information & Contents

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## Advertising

All advertisements and small ads are welcome. SURVEYING is reaching over 5,300 readers. For detailed information and advertising rates, please contact Ms Margaret Yung of the Secretariat office at 2526 3679.



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Office Hours:  
Monday to Thursday 9:00am - 5:30pm  
Friday 9:00am - 5:00pm  
Saturday 9:30am - 12:30pm

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### 3 DISPOSITION PLAN (SEC. 5 OF SCH. 1)

3.1 The sales brochures should be based on the latest approved building plans subject to subsequent amendments as may be approved by the relevant authority. However, the details required may not easily be shown clearly on a plan included in the sales brochure. Alternatively, a set of the latest approved building plans may be deposited in the sales office for public inspection.

### 4 FLOOR PLAN (SEC. 6 OF SCH. 1)

4.1 It is difficult to show the thickness of walls on a small scale plan included in the sales brochure. It should be sufficient if the plan states the thickness of walls with reference to a set of building plans deposited in the sales office.

4.2 Tall buildings may have more than three structural zones. It would be much simpler to require the inclusion of floor plans to show the thickness of walls and dimensions of various elements when there is a change in thickness of walls and dimensions.

4.3 It is impractical to show all exposed pipes inside residential properties. Pipes larger than 100 mm in diameter may be required to be shown on the building plans.

### 5 FLOOR AREAS (SEC. 7 OF SCH. 1)

5.1 The Institute supports the requirement to state in the sales brochures the "saleable area" and the "gross floor area" of all flats in an uncompleted residential property. This is in conformity with the Institute's Code of Measuring Practice and the Institute's previous proposal given to the Housing Bureau.

However, some variances should be allowed in these areas due to construction variance.

5.2 Schedule 2 states that the total domestic gross floor area of a development shall be calculated in accordance with regulation 23(3)(a) of the B(P)R as approved by the Building Authority, and the gross floor area of a residential property in a development is an apportioned share of the total domestic gross floor area which is proportionate to the share of the saleable area of that residential property in the total saleable area of all residential properties in the development. However, this section allows inclusion of non-accountable gross floor area. As a result, the gross floor area can be inflated if non-accountable gross floor area can be included in the schedule of gross floor area in the sales brochure. It is suggested to exclude any floor area exempted or non-accountable under B(P)R23(3)(b).

5.3 Cocklofts and bay windows are to be measured in accordance with the guidelines on Gross Floor Area. (Schedule 4)

5.4 With regard to the use of the Internal Floor Area, it can be treated as supplementary information and is for reference purpose only. Saleable area is still the very basic calculation of floor area which is clearly and essentially based on legal grounds including owners' obligations and liabilities in respect of the external and partition walls of the residential units. It should be noted that the saleable area is the standard method of measurement adopted by the Rating & Valuation Department for residential premises.

### 6 FITTINGS AND FINISHES AND SAMPLE PROPERTY (CL. 11 & SEC. 32 OF SCH. 1)

6.1 From a practical point of view, some tolerances should be allowed in the dimensions of the as-built sample property.

### 7 ENTRY TO PREMISES AND POWER TO SEARCH, SEIZE, ETC (CL. 13)

7.1 The authorized officer may require any person found in any sales office, developer's office, or other premises to produce such books, plans, sales brochures, records or other documents for inspection by the authorized officer. This power if unchecked may lead to abuse. It is proposed that the authorized officer should obtain proper authorisation before he can exercise this power.

### 8 LIABILITY OF DIRECTORS (CL. 15)

8.1 While the Bill will hold any director, manager, secretary or other similar officer of a corporation liable, it has exempted the members and employees of the Housing Authority and officers of the Housing Department from any criminal liability. This may lead to complaint of unequal treatment. In addition, the holding of any director, manager or even secretary liable may be too harsh. Mere negligence should not result in criminal liability.

### 9 SCOPE OF PROPOSED LEGISLATION (CL. 2 & 3)

9.1 In view of the large number of overseas properties being put up for sale in Hong Kong, consideration may be given to apply the protection of the Bill to uncompleted residential properties situated outside but on sale in Hong Kong. ❏

## Message from the Senior Vice-President

Mr Stephen Liu

### TASK FORCE FOR HKIS OFFICE RELOCATION

Our existing lease for the HKIS Office in Jardine House will expire on 31st May 2001. A Task Force consisting of the following members has been formed at the direction of our President to consider the various options, including the possibility of purchasing HKIS's own premises, for HKIS for the office relocation :

Senior Vice President	-	Mr. Stephen Liu
Hon. Treasurer	-	Mr. Edwin Tang
BS Representative	-	Mr. Richard Cheung
GP Representative	-	Mr. Alnwick Chan
LS Representative	-	Mr. Tsoi Cheong Wai
QS Representative	-	Mr. Thomas Tse

The Task Force will make their report to the General Council for their consideration in September 2000.

Any views or suggestions can be channeled through the Secretary-General, Mr. Gordon Ng, or to the respective divisional representatives, for the Task Force to consider.

### LIAISON WITH OTHER PROFESSIONAL INSTITUTES

There are regular liaison meetings between the other related professional institutes. On 21st June 2000, an informal meeting was held between the Hong Kong Institute of Architects, the Hong Kong Institute of Engineers, the Hong Kong Institute of Planners and us, to discuss various common interests and co-operation opportunity. These liaison meetings are very useful in joining together professional viewpoints to promote our services and influence government's policy setting.

Ten professional bodies including HKIS, HKIA, HKIE, HKIP, HKILA, Medical Association, Bar Association, Dental Association, Society of Accountants and the Law Society, led by the Convenor, Mr. P.C. Lau, met with the Chief Executive of HKSAR and the Hon. C.Y. Leung, Convenor of the Executive Council, on 23rd June 2000 at the Government House to discuss the promotion of HKSAR professional services to the Mainland in anticipation of the accession of China to WTO. Subsequent to this meeting, a coalition will be formed, as suggested by the Hon. C.Y. Leung, to continue the lobbying and promotional works for the Hong Kong Professional Bodies to enhance their services in China and overseas. We shall keep members informed of the latest progress and development. ❏

**MONEY \$ TALKS FOR THE  
JOINT PROFESSIONAL CENTRE  
(專業聯合中心)**

*Continued from Page 1*



Lobbying Mr Michael Sze (second from the left) of Trade Development Council with help from The Hon C.Y. Leung.

While the subscribers to the JPC are the 10 major professions in Hong Kong viz :

- \* Hong Kong Society of Accountants
- \* Hong Kong Bar Association
- \* The Law Society of Hong Kong
- \* Hong Kong Dental Association Limited
- \* The Hong Kong Medical Association
- \* The Hong Kong Institution of Engineers
- \* The Hong Kong Institute of Architects
- \* The Hong Kong Institute of Landscape Architects
- \* The Hong Kong Institute of Planners
- \* The Hong Kong Institute of Surveyors

other potential users include more than 200 semi-professional bodies which are co-ordinated through the Business and Services Promotion Unit (BSPU) of the Financial Secretary office and Hong Kong Coalition of Services and Industries of the Hong Kong General Chamber of Commerce. The JPC will be managed by the Hong Kong Productivity Centre (HKPC) on behalf of the 10 professions, and the HKPC will bear full financial responsibility and whose network of professional, commercial and industrial entities will definitely contribute towards the utilisation of the JPC.

The setting up of the JPC which is costing some \$4.5M, of which \$3M is from the HKPC and the remaining \$1.5M is being raised through donations by the 10 professions, is not the end of it but a means to an end, the end being the promotion of professional services through a common forum of the professions.

To this end members will be pleased to learn that through the joint effort of the professions and after much lobbying, the Trade Development Council (TDC) has now taken the following substantive steps to help the professions in promoting our services to the Mainland in anticipation of her imminent accession to WTO:-

- (1) TDC has just employed a full time ex-MOFTEC's (Ministry of Foreign Trade & Economic Cooperation) senior manager in Beijing, to look at what new policies the Mainland Government will introduce to cope with WTO and how these will affect Hong Kong. He will soon be posted to Hong Kong for a 3 month training and the professions will be invited to meet him;

- (2) TDC will engage a consultant for about \$1 million to carry out a bench mark research on why and how other European, US, or Japanese companies are so successful in getting work in the Mainland and what Hong Kong companies can learn therefrom; and

- (3) TDC will retain a consultant at about \$1 million a year to search for potential projects in the Mainland with a view to timely disseminating these project information back to Hong Kong members' firms through their respective Institutes or Associations.

With an over capacity of professionals competing for a small saturated market like Hong Kong, our only alternative way out is to export our services. Members will be interested to know that through the JPC, a coalition of the 10 professions is now being formed following a recent meeting with the HKSAR Chief Executive, Mr C.H Tung, in late June, with an aim to promoting Hong Kong's professional services for export to Mainland China and possibly other overseas market. Further details will be reported to you in due course.

Now that the JPC is materialised we must put on record our heart felt gratitude to The Hon C.Y. Leung, one of HKIS past presidents, for mooted the JPC concept more than 20 years ago, and more importantly, for his unfailing support to our lobbying. Without his persistence and support the JPC would never have come to being today.

I hope with the collective wisdom and coherent effort of the major professions, we will be able to break more new grounds in elevating the status of professionals in our society, and in grasping business opportunities in potentially the world's largest services market, the Mainland China. 5

# Building Surveying Division

Nelson Ho, Hon. Secretary

## CPD EVENTS

On 6th July 2000, our CPD event on the topic of "Building and Planning Control in Hong Kong" was well received by a total number of 263 members. It is believed that some members were not able to join the event due to the keen response. Therefore, please enrol early and do not miss out on upcoming CPDs.

A CPD on "Building Diagnostic and Inspection Technology-Non-destructive Thermographic Method for Building", held on 19th July 2000, was interesting and informative.

## SITE VISITS

HKIS members made a visit to the ICI Swire Paint Manufacturing Plant in Guangzhou on 10th June 2000. Looking at the satisfied faces of our members you can tell how popular and fruitful the event was.



The next visit will be to a glass factory in China. Please look out for further details in the near future.

## SOCIAL EVENTS

In addition to CPDs and visits, the division had also organised a very enjoyable social event. We had a nice racing day at the Shatin Racecourse, with a good buffet meal, on Sunday, 25th June 2000. Looking at the victorious smiles of the members, you will know how fruitful their results were.



A soccer match is being arranged soon. Please try your best to enrol early or you will miss out on another enjoyable and memorable function.

## BUILDING SURVEYORS' CONFERENCE 2000

Please mark 14th October 2000 (Saturday) in your diary for this important annual event of the Building Surveyors. The conference, entitled "Moving Forward with New Technologies", will feature many technological advancements and new technology applications in the Building Surveying arena. Please refer to the article written by our Vice-chairman, Dr Wai Chan, for a more elaborated introduction.

As members of the Institute, you can support the event in various ways by participating in the Conference, and/or sponsoring the Conference through making an acknowledgement in the conference CD. For details please contact Mr Robin Leung, of the organising committee, or the HKIS office. We look forward to meeting you at the Hotel Marriott in Pacific Place, Admiralty, on the day of Conference.

## BUILDING SURVEYORS' CONFERENCE 2000 "MOVING FORWARD WITH NEW TECHNOLOGIES"

Dr Wai Chan, Vice-Chairman

Year 2000 marks the turn of a new chapter in the history of mankind. For Hong Kong, new technology has become the next hope of Hong Kong for sustainable growth after the allegedly "real estate-led" growth over the past decades. Ironically, the real estate and construction sectors, which are very often branded as "low-tech", do need new technology for reshaping their development to ensure future growth and survival.

In developed economies, and notably in the States, the longest sustainable growth in history is attributable to new technological development particularly in the field of IT that enhances productivity gain while keeping inflation down. After surviving the Y2K bugs, it is time for the building and real estate professionals of Hong Kong to embrace new technologies in this "high tech-high profit" era.

The first Building Surveyors' Conference of the new millennium, which focuses on new technology, is the right venue to reflect on what technology has brought us and chart new directions and initiatives for the industries and the professions. Members of the HKIS (BS) and fellow real estate and building professionals are welcomed to participate, and join hands in moving forward with new technologies and to contribute to the sustainable growth of Hong Kong. ❏

### ANNOUNCEMENT

#### Professional Building Surveying Consultants Association of Hong Kong (香港專業建築測量顧問公會)

The Professional Building Surveying Consultants Association of Hong Kong was formally launched on 8th July 2000. The current membership of the Association stands at ten and includes CPL, DCLSL, DTZPSL, LCSL, MSL, PSIL, RCSL, SWAPCL, VHKL and WACL. The Hon. Edward S T HO, Mr. Donald Yap and Prof. Barnabas Chung were appointed the Association's Honorary Advisers. The Association is in the progress of proposing construction quality audit and housing warranty scheme. A further proposal was for the Buildings Department to privatise the certification of Alteration and Addition works.

## GENERAL PRACTICE Division

Tony Tse, Chairman

### SUBMISSION TO THE ESTATE AGENTS AUTHORITY

The licencing requirements under the Estate Agents Ordinance ("EAO"), effective on 1 January 1999, have been implemented for more than 18 months. The Working Group on the EAO has recently prepared a submission relating to the matter, which was lodged to the Estate Agents Authority ("EAA") in May 2000. Three major issues were raised relating to the Exclusion of Specific Services from the Licencing Requirements, the Exemption of Graduate Surveyors from the Licencing Examinations and HKIS Representation on the Committees/Board of the EAA.

#### (a) Exclusion of Specific Services from the Licencing Requirements

With the implementation of the licencing requirements since 1 January 1999 it became clear that the EAA was adopting a very broad interpretation of the definition within the Ordinance of the term "estate agency work". This interpretation resulted in many Registered Professional Surveyors ("RPS") who are not involved in the sales and purchase of properties being required to hold licences in addition to their HKIS/RPS designations. The Institute is of the view that professional services carried out by our members such as negotiation of compensation in resumption cases, land premium negotiations for modification, land exchange cases, private treaty grants and short term tenancies, rental negotiation in lease renewal and rent review cases or acting as arbitrator, do not constitute estate agency work. It is therefore proposed these services be excluded from the ambit of the Ordinance.

#### (b) Exemption of Graduate Surveyors from the Licencing Examinations

Under the Ordinance, the exemption granted to RPS from sitting the licencing examinations is in respect of those members registered with the Surveyors Registration Board on 1 January 1999 and does not extend to those who may qualify and secure registration at a later date. We believe the reason for this decision may be that the HKIS accredited degree courses do not include in their curriculum all the materials on estate agency practice, set out as being necessary under the regulations. Therefore, if the HKIS succeeds in securing these additional materials to the relevant courses at the Universities and Colleges in Hong Kong, all future holders of these degrees should also be exempted from the need to pass the licencing examinations prior to undertaking estate agency work.

#### (c) HKIS Representation on the Committees/Board of the Estate Agents Authority

At present, despite being recognized as the leading profession in the field of property agency, valuation and consultancy in Hong Kong, the HKIS has no formal representation in its own right on the Board. This omission appears to have led to some misunderstanding among Board members and staff of the EAA, both as to the range of services carried out by the RPS and the content of such services. The Institute therefore proposed that it should be allocated a permanent seat on the Board of EAA. Our representative would be

responsible for advising the Board and its staff, if required, on the qualifications, services, standards, regulations etc. provided by, or applicable to, members of the Institute and to assist the Authority to better understand the professional and the interface and overlap between the EAO and the Surveyors Registration Ordinance to ensure that no conflict occurs.

It is understood that our submission is being considered by the EAA and members would be advised of the progress and the outcome in due course.

### THE HONG KONG REAL ESTATE SERVICES EXPO, BEIJING

In May, we reported that the above Expo would be held on 16-18 November 2000 in Beijing. However, it was later discovered that the date would clash with the HKIS Annual Dinner. It has been decided that the date of the Expo be deferred tentatively to March next year. We shall report on the progress in due course.

### CPD EVENT

A CPD event was held on 28 June 2000. Our guest speakers Ms. Sophie Roseveare and Mr. Ricky Yiu from Baker & McKenzie, updated us on the latest case law on

conveyancing and leasing. The guest speakers, amongst others, also outlined various important recent court decisions involving unauthorized structures and their impacts on the property land title. The event was well received with more than 200 members attending.

On behalf of the GP Council, I would like to thank those members who arranged and organized such a successful event.

### GP REPRESENTATIVES

The following nominations were endorsed by the Council :-

#### (i) Special RICS Working Group

Jimmy Wu (Tel No : 2231 3636; Fax No : 2530 1701)

#### (ii) Task Force for the HKIS Office Upon Expiry of the Tenancy at Jardine House

Alnwick Chan (Tel No : 2840 1177; Fax No : 2840 0600)

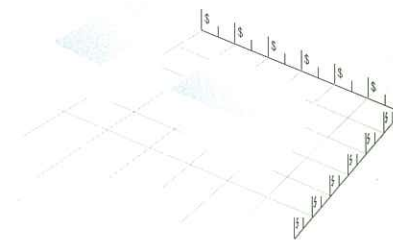
#### (iii) GPD Surveying Course Panel of the HKIS

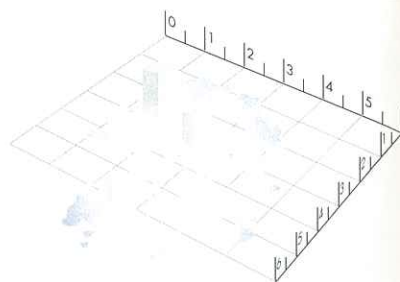
Francis Lam (Tel No : 2993 2424; Fax No : 2993 7742) ❏

### GPD APC FINAL ASSESSMENT 2000

Application forms for the Final Assessment this year are available for collection from the HKIS office and must be returned to the Institute no later than 5:30pm, Thursday, 31 August 2000.

**NO LATE APPLICATIONS WILL BE ACCEPTED.**





## LAND SURVEYING DIVISION

### PROVISION OF AERIAL PHOTOGRAPHY SERVICES TO THE PRIVATE SECTOR

Wong Chung-hang, Chairman

The Institute had urged the Government to provide aerial photography services for hire by the private sector in the last council year. The Secretary for Planning and Lands has now informed the Institute that the Government Flying Services and the Lands Department have worked out the necessary arrangements for the implementation of our proposal. With effect from 4 July 2000, the two departments will jointly provide

aerial photography services to the private sector. Members interested in using the government aerial photography services should approach the Survey and Mapping Office of the Lands Department first. The Fee Schedule can be obtained from its Photogrammetric and Air Survey Unit at telephone no. 2231 3302 or fax no. 2752 8119. ❏

### CPD EVENT

"THE HONG KONG GLOBAL POSITIONING SYSTEM (GPS) NETWORK AND ACTIVE CONTROL SYSTEM"

LAM Lik-shan, Lesly

Global Positioning System (GPS) is becoming increasingly popular among all walks of life. Public awareness of GPS has risen tremendously during the past decade. With a growing market place, the Geodetic Survey Section of the Lands Department, which is directly headed by our guest speaker, Mr. KWOK Chi-wo (Senior Land Surveyor/Geodetic Survey Section, LandsD.), has developed a GPS infrastructure to facilitate the application of GPS technology. More than 80 members from various divisions of the Institute enjoyed a very informative talk on how GPS can bring about social and economic benefits to society on 5th June 2000.

Mr. KWOK started by reviewing with the audience the Spatial Reference System in Hong Kong. He pointed out the importance of a common spatial reference for defining positions uniquely, such as roads, buildings, viaducts, etc. In fact, the Hong Kong Spatial Reference System is constantly evolving in parallel with the development of survey instruments, and one of the major developments is the advent of the GPS.

The advent of the GPS has revolutionized the conventional surveying techniques. The Regional GPS geodetic network

of Hong Kong was first established in 1991. Mr. KWOK explained that since most of the reference stations in this 1991 GPS network were situated on mountain tops which were not easy to access, the GPS network has been further densified with more points on low ground or at places where vehicular access is possible. In order to improve the global positional accuracy, this so-called 2000 GPS network has been connected to the International Terrestrial Reference Frame 1996 (ITRF96) which is implemented by the International Earth Rotation Service (IERS).

To demonstrate the potential social and economic benefits from the advanced GPS technology, Mr. KWOK introduced us the project being implemented by his section - The Active Control System. The Active Control System consists of an array of round-the-clock operating permanent GPS reference stations. Each inter-stations' spacing range from 10 to 15km. Such special network design enables a roving GPS receiver to measure baselines within 10km to at least 2 permanent GPS reference stations. By virtue of the advantage in shorter than 10km baseline measurements, surveyors in Hong Kong can achieve cm-level accuracy by fast static survey using only one single frequency GPS receiver. Since the accurate and permanent GPS reference stations have already been set up by the Geodetic Survey Section, potentially, there is no need to set up equipment at base stations again. It helps to reduce manpower, equipment cost and operation time.



LSD chairman, Mr. WONG Chung-hang, presented a souvenir to Mr. KWOK.

Mr. KWOK concluded by illustrating the other potential usages of GPS in engineering works, detection of earthquake and ground deformation, movement of structures, navigation, fleet management for public and emergency services, meteorology such as weathering forecasting, etc. As one of the audience, I deeply feel that GPS is indeed a magic tool to benefit not only the surveyors but also the public. The fact is that its usages and applications in daily life are still being exploited.

The Land Surveying Division would like to thank Mr. KWOK for his wonderful talk. A full report of this topic by Mr. KWOK will be published in the Institute's journal, "The Hong Kong Surveyor". ❏

### THE 3RD ACROSS-THE-STRAIT GEOMATICS CONFERENCE

T N WONG, Chairman of the Organizing Committee

Date: 11-14 December 2000

Place: Sheraton Hotel & Towers, Hong Kong SAR

Theme: Surveying for Sustainable Development

Jointly organized by HKIS, HK PolyU and HKIES

Further to the Conference notice and call for papers that had been sent to you, it has been decided to hold the Conference at the Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Kowloon, Hong Kong. Included in the registration will be a Welcoming Dinner at the hotel. Optional tours will be organized during the conference. A buffet dinner at the Jockey Club on a racing night (if held) is among those being contemplated. There will also be post conference tour to Shenzhen on 14 December 2000.

Members are invited to contribute papers on any aspects of surveying relating to and contributing towards sustainable development. Please note that the deadline for submitting the full text of the papers is 30 October 2000. Further information is available from the Conference Secretariat at LSGI, HKPolyU:

Telephone No.: (852) 2766 5968

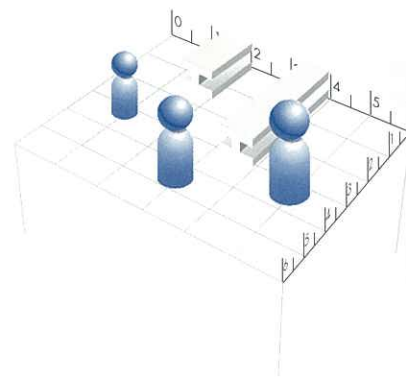
Fax No.: (852) 2330 2994

Email: lsconf3@polyu.edu.hk

Web site: <http://www.lsgi.polyu.edu.hk/SurveyConf3/> ❏

# QUANTITY SURVEYING DIVISION

TT Cheung, Chairman



## Membership



### APC 2000

Fellow members should have received my letter asking for your assistance to act as assessors/modulators for the APC 2000. We would require at least 150 assessors to cope with the number of papers to be assessed.

### PRC

We plan to visit our counterparts in China as per following schedule:-

July - Guangzhou	Courtesy visit and data collection.
July - Shanghai	Organizing CPD event to RICS members in Shanghai.
September - Xian	Courtesy visit and data collection.
November - Beijing	2nd Organizing Committee meeting on 2001 Cost Conference.

Members are welcome to join our visits at their own cost.

### SUB-COMMITTEE ON CONTRACTS

QSD has commissioned a Sub-committee, led by Mr. Daniel Ho, to study all the existing standard contract documents forms available from HKIS, and to suggest suitable amendments to these documents and the time for such implementation. The Sub-committee consists of Daniel Ho (Convenor), Jacob Lam, Francis Leung, Ellen Lau, Edward Lai, KC Tang, Peter Ho and Eric Chung. Any members who are interested in this area please contact us.

### 2001 INTERNATIONAL CONFERENCE ON PROJECT COST MANAGEMENT BEIJING, CHINA 25TH TO 27TH MAY 2001

#### Jointly organised by:

Department of Standards and Norms, Ministry of Construction, People's Republic of China

China Engineering Cost Association

The Hong Kong Institute of Surveyors

#### Mission

The aim of this international conference is to explore current practices and development in project cost management from the perspectives of project participants, including clients, consultants, contractors, and researchers in the construction industry.

#### Theme

Papers are welcome from a range of topics including but not limited to:

- \* The future of project cost management in the 21st century
- \* Cost forecasting and control procedures for public sector projects and/or large scale private sector developments
- \* Tendering systems and procurement strategies including pricing methods
- \* Roles and functions of project cost management consultants in the construction industry including their education and training
- \* Development of information technology and application of software in project cost management
- \* The impact of WTO membership on the future of project cost management services

#### Venue and accessibility

The conference will be held at a conference hotel in Beijing. Further information regarding hotel accommodation and post-conference tours will be made available later.

#### Enquiries

All Hong Kong and overseas delegates may address their enquiries about the conference to Mr. Nelson Cheng at [nelsoncheng@levettandbailey.com](mailto:nelsoncheng@levettandbailey.com) (fax: (852) 2866 1869; tel: (852) 2823 1808) of the Organising Panel (HKIS) in Hong Kong.

Further information regarding the conference is available on [www.hkis.org.hk](http://www.hkis.org.hk)

## CONGRATULATIONS TO THE FOLLOWING WHO WERE ELECTED AS HKIS MEMBERS ON 8 JUNE 2000

### FELLOWS (3)

HUNG CHUEN KA (BS)  
LEUNG CHI CHUNG (QS)  
LEUNG HING FUNG (QS)

### ASSOCIATES (81)

#### BS DIVISION

AU CHI HUNG  
CHAN MAN HO  
IP CHUN MING

#### GP DIVISION

BRUNNER, PIERS DANIEL CARLYLE  
PATERSON, MARK DAVID LEWIS

#### LS DIVISION

CHAN SIM LING, SARAH  
LAM KAI WING

#### QS DIVISION

BALDWIN, RICHARD JAMES FRANCIS  
CHAN CHI CHUNG  
CHAN CHI KIT  
CHAN CHUN YIN, THOMPSON  
CHAN KAR WAI  
CHAN LAI YEE  
CHAN PUI MAN

CHAN SAN NGAI  
CHAN WAI LEUNG, ERIC  
CHAN YUET CHUN  
CHAU CHUNG CHING  
CHAU WAI TAO  
CHENG CHAI WAI  
CHENG CHUN KEUNG  
CHENG KA MAN  
CHENG MAN YEE, IVY  
CHENG WAN FAI  
CHEUNG CHING MAN  
CHEUNG HO MAN, ERIC  
CHEUNG HOK MAN  
CHEUNG LAI KUEN  
CHU KA KUI  
CHU WAI KEUNG, RAYMOND  
CHUNG TIN KI  
FONG HOI FUNG  
FU WAI KI  
FUNG DIG KWONG  
FUNG SHUI SUM

GEUNG TSZ CHIU  
HO CHI PING  
HO KAM HUNG  
HO KWOK FAI  
HO MING KEUNG  
HO WAI MAN  
HOLGATE, MARK RICHARD  
IP SHU KIN  
IP TAK PAN  
KENNEDY, JILL  
KEUNG CHUNG WAI  
KWAN SHU PUI, GEORGE  
KWONG KOON CHUNG  
LAM CHI WAH  
LAM MAN NA  
LAM MEI LIN  
LAM YIN CHING  
LAW HON TIM  
LAW KAI MAN  
LAW MAN HO  
LEE KIN WANG, BOSCO  
LEE KWONG LEUNG  
LEE YIU KWONG  
LEE YUEN WAI

LEUNG KAI CHEUNG  
LEUNG YUEN FU  
LO WAI BONG, JOEY  
LO WAI FAN  
MCCAULEY, GEOFFREY CHRISTOPHER  
MO YAN SHAN  
POON MEI YEE  
SHUM CHI MAN  
SIM TAT KONG  
TANG CHEUK KUEN  
TANG YUK NGOR  
TSANG KWOK TONG  
TSOI WAI MING  
WONG CHUN MAN  
WONG CHUN WAH  
WONG WAI PING  
WONG YING KIT  
WU MAN FAI  
YAP WAI YUK, SYLVIA  
YEUNG PANG  
YIU SIU CHUNG, STEVEN  
YUNG KIM PING

## TECHNICAL MEMBERSHIP Q&A SECTION

Alexander Ho, Chairman, SST Working Group

### RESPONSES TO THE JUNE ARTICLE

I am pleased to know that quite a number of responses to the Q&A Section in June have been received by the HKIS. In particular, the President has received faxes and letters from individual TechRICS as well as groups of TechRICS expressing

their enthusiasm on the subject. Unfortunately, some of the faxes and letters did not have any contact details and we will find it difficult to return a reply to them. However, it is my understanding that the President will write to those with contact addresses and answer their concerns.

### QUESTIONNAIRE

Members will find a questionnaire prepared by the Working Group inside this Newsletter. The questionnaire contains only four questions, i.e.

- i) Are you aware that the HKIS is studying the possibility of the formation of technical grade?
- ii) Based on the existing information passed onto you through the Newsletters, do you support the idea of forming technical grade in the HKIS?
- iii) If there were an open forum discussion on the subject, would you try to spare some time to attend?
- iv) What is your major concern when considering the formation of technical grade in the HKIS?

The questionnaire contains only one page because we want to keep it simple. We hope members will spare a minute of their time to complete and return the questionnaire by fax/email to the HKIS.

### FORUM

The Working Group is planning to hold a forum in September to discuss the subject and the Senior Vice President is agreeing to act as the Chairman for the forum panel. Details of the forum will be announced in due course and the Working Group is inviting all members to attend.

Should members have any views on the above, please do either write to the HKIS or to my e-mail address at AlexHo@kpkqs.com.hk.

## CONTRIBUTIONS TO THE HONG KONG ECONOMIC JOURNAL

Chan Cheung Kit, PR Committee Chairman

After the setting up of the Public Relations Committee in 1999, a column has been reserved in the Hong Kong Economic Journal (信報) for the Institute every Friday. Numerous articles have been published on different topics. Some are academic discussions and some are commentaries. The column has been well received and the editor has recently given us a larger column.

Through the column, public awareness of the profession has been raised. With a clear association of articles to the respective disciplines, the public will be able to differentiate between GP, BS, QS and LS. Recently, the HKIS Executive Committee have agreed that the name of the writer be included with the article. I would appeal to all members to actively contribute to this column. Articles can be sent to Mr. Leung Shou Chun by fax at 2690-3010 or to me at 2739-1913. The committee reserves the right to decide on whether an article should be published.

## VISIT BY THE HENAN PROVINCE WEIGHTS AND MEASURES ASSOCIATION



President, Mr. Francis Ng (3rd from right) with some of the delegates from Henan.

The President, Mr Francis Ng had the chance of briefing a group of 20 delegates from 河南省計量協會 (Henan Province Weights and Measures Association) on 15 June 2000. Mr. Ng introduced the history, organisation, membership, contribution of the Institute to the economy and community. He elaborated on the professional qualification of our members, the 4 major disciplines of surveying in Hong Kong. The delegates were most interested in the President's speech and raised many questions ranging from funding of the Institute, government supervision, role of the surveyors, to specific subjects such as equipment and material testing and standards. They also asked about the definition of various terms e.g. gross floor area and methods of measurements. The one hour session turned out to last for one and half hours which was not really enough for the President to address all queries.

## THE ELECTION COMMITTEE SUBSECTOR ELECTIONS

The Election Committee Subsector Elections were held on Sunday, 9 July 2000. There were 28 candidates running for the 20 member seats in the Architectural, Surveying and Planning Subsector. As a result of the subsector election, 9 surveyors, 9 architects and 2 planners were returned to this subsector. The top three highest votes went to surveyors and details of the 9 surveyors elected are as follows:

### MANDATORY CPD

In "Surveying", Volume 9, Issue 3, April 2000, the President urged you to participate in CPD events and the CPD Panel Convenor, Mr David Faulkner, also published an article on the basics of the mandatory CPD.

The HKIS General Council has approved the new Guidance Notes for Continuing Professional Development, which will soon be sent to members, giving details of the requirement to undertake CPD and what can be counted towards CPD hours.

Members, in particular Associates and Fellows, were reminded of the requirement to complete 60 hours of CPD (20 hours per year) over a 3-year period beginning 1st September 1997 to 31st August 2000.

The first review of member's CPD records will take place in early September 2000. The CPD Panel will select a random sample of 5% of corporate members for review.

Non-compliance by members to keep adequate CPD records will be automatically selected for review in the following year. Any member who is found to continue to keep inadequate records may be referred to the General Council for further review.

Name	Chinese Name	No. of Votes
Charles Nicholas BROOKE	蒲祿祺	513
LEE Tsung Hei David Chris	李頌熹	489
LAU Ping Cheung	劉炳章	465
WONG San	黃山	418
TSE Wai Chuen	謝偉銓	361
YIP Moon Wah Stephen	葉滿華	361
TSANG Ching Lun Edwin	曾正麟	352
LAU Shiu Kwan Francis	劉紹鈞	349
LIU King Tong	廖敬棠	296

Congratulations to all of them!

The 2000 Legislative Council (LegCo) Elections will be held on Sunday, 10 September 2000, and for the Architectural, Surveying and Planning Functional Constituency, you may cast one vote. You may notice that the slogan for the 2000 LegCo Election is "Cast your vote. Have your say". Please act and exercise your voting rights and vote for Hong Kong.



## LAST MONTH IN LEGCO

Hon. Edward S.T. Ho, SBS, JP, Legislative Councillor,  
Representative of Architectural, Surveying and Planning  
Functional Constituency

LegCo was dissolved at the end of June, but prior to that, LegCo has been very busy with debates on various bills in order to try to make the deadline before the dissolution of LegCo.

A very controversial motion debate was the Non-Confidence Vote on the Chairman of the Housing Authority and the Director of Housing.

I supported the Non-Confidence Vote principally, because consultants who have worked for the Housing Authority and the Department have been extremely frustrated with many policy decisions of the Authority and the Department. Moreover, consultants felt that those decisions, such as the awarding of consultant appointments on very low fees, were influenced to a very large extent by the Chairman herself and the Director himself. In our functional constituency, people who were more directly affected are the architects and quantity surveyors. Many of them urged me to support the vote. Members would have the opportunity to read my speech during the motion debate in my newsletter "Under the Dome" issued in July.

### URBAN RENEWAL AUTHORITY BILL

This bill was passed on 26 June after a long period of scrutiny by the Bills Committee of LegCo, which I chaired. The final bill was passed with quite a number of amendments

including the composition of the Board, a non Executive Chairman and a Managing Director instead of the original Executive Chairman, and some very major amendments such as the introduction of an appeal mechanism for objections. Despite the intensive and long efforts in scrutinising the bill, I think that the final result has been worth the effort. Some questions remained, such as the level of compensation to owners of resumed properties. This is not part of the legislation, and will be the subject of discussion in the forthcoming Legislative Council session, when the Administration applies for funds from the Finance Committee.

### BUILDING MANAGEMENT (AMENDMENT) BILL 2000

This bill was passed on 23 June 2000. Again, there were some major amendments to the bill which members might wish to refer to when they look at the ordinance. Members of HKIS may be interested to give their views to the Administration on the list of management agents. The proposed qualifications are not part of the Bill. They will be presented to LegCo as subsidiary legislation in the form of a code of practice on building management and maintenance. Again, this will be presented to LegCo after it reconvenes in October of this year.

### BUILDING (AMENDMENT) BILL 2000

This bill which deals with certain aspects of the Building Ordinance in relation to the provision of floor space for material recovery in new buildings and building concessions for hotel development, amongst others, was non-controversial on the whole.

### ALL PARTY CLEAN AIR ALLIANCE

As convenor of the All Party Clean Air Alliance, I received a response from the Chief Executive on 19 June 2000 for the proposals that we made to the Administration to combat air pollution problems. In general, we are satisfied that the Administration is pursuing the problem energetically. Several measures have already been implemented or are making progress. For instance, fines for smoky vehicles have already been increased from \$450 to \$1,000. Particulate traps for diesel vehicles will start to be installed on pre-Euro light diesel vehicles some time in October. Ultra low sulphur diesel will be introduced in Hong Kong later this year. Diesel taxi conversion to LPG is in progress, and the Finance Committee has already approved a grant of \$40,000 for each diesel taxi owner who replaces his diesel taxi with a LPG one.

Members will be able to see Mr. Tung's reply to me again in my newsletter issued in July 2000. ❏



### CONSTRUCTION OUTPUT FOR FIRST QUARTER OF 2000

The gross value of construction work performed by main contractors decreased by 3.8% in nominal terms compared with a year earlier to \$31.2 billion in the first quarter of 2000, according to the preliminary results of the Quarterly Survey of Construction Output released on 20th June by the Census and Statistics Department. After discounting price changes, the gross value of construction work performed by main contractors decreased by 6.3% in real terms over the same period.

Analysed by the type of construction work, the gross value of construction work performed at private sector sites totalled \$9.8 billion in nominal terms in the first quarter of 2000, representing a decrease of 19.2% compared with a year earlier. In real terms, it was down by 19.6%. The decline was largely associated with the progressive completion of several large office and residential building development projects.

On the other hand, because of the strong growth in public sector civil engineering output, the gross value of construction work performed at public sector sites increased by 13.0% in nominal terms compared with a year earlier to \$13.2 billion in the first quarter of 2000. In real terms, it rose by 6.2%.

The gross value of construction work performed by contractors at locations other than construction sites amounted to \$8.1 billion in nominal terms in the first quarter of 2000, representing a decrease of 4.8% compared with the first quarter of 1999. The decrease in real terms was 5.2%. Works at locations other than construction sites

included minor new construction activities and renovation work at erected buildings and structures; and electrical and mechanical fitting works.

Analysed by end-use, residential building projects accounted for the largest proportion of the gross value of construction work performed at construction sites. In the first quarter of 2000, the gross value of construction work performed for these projects was \$13.9 billion in nominal terms, representing an increase of 1.1% over a year earlier.

Transport projects constituted the second largest category of construction site work. The gross value of construction work performed for these projects totalled \$3.1 billion in nominal terms, representing an increase of 33.4% compared with a year earlier.

Industrial, storage and service building projects represented the third largest category of construction site work. The gross value of construction work performed for these projects was \$2.2 billion in nominal terms, 20.9% lower than in the first quarter of 1999.

More detailed statistics on construction output are given in the "Report on the Quarterly Survey of Construction Output, 1st Quarter 2000". The report is now on sale at \$10 per copy at the Government Publications Centre, Ground Floor, Low Block, Queensway Government Offices, or at the Census and Statistics Department Publications Unit, 19th floor, Wanchai Tower, 12 Harbour Road, Wan Chai. Regular subscription may also be arranged. Internet users may order the publication through the website of the

Information Services Department (Address: [http://www.info.gov.hk/isd/book\\_e.htm](http://www.info.gov.hk/isd/book_e.htm)).

### RESIDENTIAL MORTGAGE SURVEY RESULTS FOR MAY 2000

New mortgage lending fell in May, according to the HKMA's monthly survey of residential mortgage lending. The amount of gross new loans made in May fell by 3.6% to \$9.7 billion after falling by 6.4% in April. The average size of new loans increased to \$1.43 million in May compared with \$1.38 million in April.

However, new loans approved during the month rose by 2.0% to \$13.3 billion compared with the decline of 19.6% in April, largely due to an increase in refinancing loans. Refinancing loans rose in absolute terms for the third consecutive month, and accounted for 50.7% of new loans approved in May (46.4% in April). In contrast, the primary market was very quiet as both developers and buyers adopted a wait-and-see attitude. Loans approved during the month but not yet drawn increased by 3.7% to \$10.4 billion in May from \$10 billion in April.

The average loan-to-value ratio of new loans approved edged down to 57.3% in May from 57.5% in April. The average contractual life decreased to 197 months from 199 months. Of these loans, 99.2% were related to owner-occupied properties.

On the pricing front, loans granted at below the best lending rate for the whole term of the mortgage accounted for 82.9% of the new loans approved, up from 76.8% in April.

The amount of outstanding mortgage loans was flat in May. The annualised rate of growth of outstanding loans was 1.8% in the three



months to May, up from 1.5% in April. The average change over the last twelve months was 1.6%, compared with 2.6% in April.

The loan delinquency ratio (measured by the ratio of mortgage loans overdue for more than 3 months to total outstanding mortgage loans) increased slightly to 1.19% in May from 1.18% in April.

#### LAND REGISTRY STATISTICS FOR JUNE RELEASED

The Land Registry last month (June) received 4,873 sale and purchase agreements on residential and non-residential building units, representing a decrease of 20.4% and 45.4% from May 2000 and June 1999 respectively. The total consideration of these agreements in June was about \$11.7 billion, down 33.8% from May this year, and 53.7% from June last year.

The figures are contained in the monthly statistics released 4 July 2000 by the Land Registry on deeds relating to property transactions received for registration in the Urban and New Territories Land Registries in June 2000.

#### LAND REGISTRY HALF-YEARLY STATISTICS RELEASED

The Land Registry released on 4 July 2000, land registration statistics recorded for the first half of 2000. A total of 40,683 sale and purchase agreements of building units, which include both residential and non-residential properties, were received for registration during the period. The figure represents an increase of 3.3% and a decrease of 31.1% when compared with the second half of 1999 and the same period last year respectively. The total amount of the consideration involved in these agreements

was \$105.91 billion, up 1.5% and down 30.5% when compared with the two previous half-yearly periods.

During the first six months of 2000, 81,974 assignments of building units were lodged for registration, showing an increase of 18.7% over 69,088 assignments in the second half of 1999 and an increase of 14.2% over 71,770 assignments in the first half of 1999. The total consideration of these assignments amounting to \$144.39 billion indicates a decrease of 0.2% and 7.1% respectively when compared with the two preceding half-yearly periods. The total amount secured under mortgages (other than building mortgages) as recorded by the Land Registry was \$49.28 billion, an increase of 8.3% and 0.2% when compared with the second and first halves of 1999 respectively.

Searches of land records made by members of the public during the first half of 2000 totalled 1,613,014. This represents a decrease of 2.9% and an increase of 1.8% when compared with the two preceding half-yearly periods.

#### SITE SAFETY STRATEGY DEVELOPED FOR HA

The Housing Authority (HA) could exercise her capacity as a major client to improve standards of site safety through the leverage of tendering and contract administration, according to a site safety consultancy study for the Authority. This includes regular assessments of contractors' safety performance, the use of incentives as well as the application of sanctions involving suspension from tendering in the furtherance of better site safety standards.

The findings were contained in the

"Development of Site Safety Strategy for Hong Kong Housing Authority", a study undertaken by the Occupational Safety and Health Council for the Authority. The study, after detailed examination of the Authority's practices, came up with a comprehensive package of 40 recommendations covering accident analysis, tenders and contracts, sanctions and incentives, site safety culture and systems, as well as organisations' safety culture and systems. The final report was tabled at the Authority's meeting on 6 July.

Supporting some of the Authority's existing measures, the consultant found that HA sites were significantly safer when comparing the accident rates of HA with those of the rest of Hong Kong over the past decade. It also reckoned that the accident rate of the Authority had improved from 129 per 1,000 workers in 1998 to 109 per 1,000 workers in 1999 at a time when there was a surge in HA works while construction activity in the private sector had a downturn.

On recommendations, the consultant suggested to assess and weigh each contractor's past performance in tender evaluation and award assessment. Others include maintaining the suspension of contractors from tendering on account of unsatisfactory safety performance, the Payment for Safety Scheme in contract and the Safety Audit Scheme.

The study also underscored the importance of site safety training. It proposed a range of training initiatives for workers and HA staff with onsite responsibilities. Contractors' project staff should also undergo training in safety principles and safety awareness. A safety unit within the Authority, the consultant said, should be in place to

promote safety culture and strengthen its attention on related issues.

A spokesman for the Authority said some of the proposals have already been carried out and the rest will be unfolded gradually in the next two years.

#### "BUILDING FOR A GREEN FUTURE" - HA'S FIRST ENVIRONMENTAL REPORT

More efforts and initiatives will be put up by the Housing Authority this year to enhance environmental performance in the provision of public housing and related services. The initiatives were outlined in the Authority's first annual Environmental Report - "Building for a Green Future", which was tabled at the Authority's meeting on July 6. The report covers the Authority's environmental management strategies and key environmental goals for 2000/01.

"The publication of the report demonstrates our commitment to conserving the environment. It also complements the Government's initiative requiring major public sector organisations to produce reports on their environmental policies and actions," said a spokesman for the Authority.

In the report, five key areas have been identified as the Authority's highlights to be addressed. They are developing an environmental management system to drive environmental initiatives, raising community awareness, establishing partnering with different stakeholders, promoting waste reduction as well as planning for a "Green Estate". The Authority will examine the current procurement practices to include environmental criteria for the selection of materials, products and services. Specifications for construction contracts will

be reviewed to reduce environmental impacts.

On estate management, the initiatives include reviewing building designs to facilitate household waste segregation, examining methods of refuse collection and encouraging waste reduction. Measures will also be introduced to encourage waste reduction in all of the Authority's offices.

"These initiatives cover the major environmental issues we need to address during every phase of a building's life cycle: planning and design, construction and demolition, marketing, flats allocation and office administration, as well as estate management and maintenance," the spokesman said, adding that there are a total of 39 goals and targets set for this year.

He stressed that the Authority has adopted a strategic approach to environmental management. "Environmental policies will be translated into business objectives, with implementation being carefully monitored by the Housing Department-Environmental Committee."

Also highlighted in the Environmental Report are the Authority's initiatives and achievements so far in various areas such as energy efficiency, noise management, water conservation and quality, waste management and resources conservation.

The report, to be published in August, will also be uploaded onto the Authority's website (<http://www.info.gov.hk/hd>).

#### FIVE PRE-SALE CONSENTS ISSUED IN SECOND QUARTER 2000

The Lands Department issued a total of five consents for the sale of residential units in

uncompleted developments between April and June 2000. All of them were issued within the Department's performance target time limit. A spokesman for the Lands Department said that these consents involved the sale of 3,820 residential units on Hong Kong Island and in Shatin, Tai Po, North and Kwai Tsing districts. The majority are estimated to be completed in 2000 or 2001.

As at 30 June 2000, a total of 13 applications were pending approval for pre-sale consents to sell 9,556 residential units located in various parts of the Special Administrative Region.

One of the 13 developments pending approval is estimated to be completed in 2000, nine in 2001 and the remaining three in 2002.

As at 30 June 2000, five applications in respect of non-residential developments were pending approval.

#### CONSTRUCTION INDUSTRY NEEDS BETTER INTEGRATION

The key to resolving the many problems facing our construction industry today lies in better integration, the Hon. Henry Tang, Executive Councillor and Chairman of the Construction Industry Review Committee (CIRC), said on 15 July 2000:-

"We need a cultural change that advocates a holistic approach to construction in substitution of the current segregated approach."

Mr Tang made these remarks when opening a seminar organised by CIRC on the theme of "A Construction Industry for the 21st Century".

About 200 participants representing a broad cross-section of the industry took part in the seminar to exchange views on how to lay a firm foundation for the development of a forward-looking, reliable and productive local construction industry capable of meeting the challenges of the new century.

He called upon the construction industry to work together to bring quantum changes.

"We should find ways for industry players to share knowledge and experience."

He said the construction industry had made significant contribution to Hong Kong's economic and infrastructure development. But behind these achievements, it has shortcomings that need to be rectified if the construction industry is to maintain its competitiveness in the long run.

He said the construction industry had an unacceptably high accident rate, a considerable proportion of inadequately trained workers, relatively little regard for long-term environmental sustainability and much room for improvement in cost-efficiency.

"It is quite plain that fragmentation and the prevalence of an adversarial culture are two major stumbling blocks which have held our construction industry back from achieving better all-round performance," he said.

On the whole, the way the construction industry operates has remained little changed for many years. Under the conventional approach to project delivery, the various processes from design to commissioning proceed in sequence and the multiple parties involved in the supply chain had fairly limited interaction with one another, he said.

Skill specialisation at the professional, contractor and worker levels has, along with its benefits, brought in its train segregation and inefficiencies.

"The absence of a team spirit has been replicated at the industry level. As a consequence, we have seen little collaborative efforts in the construction industry to improve its overall ability to meet new challenges," he said.

Mr Tang called for better integration in the construction industry so that it will be better able to meet rapidly changing client demands, capitalise on the latest technological advances and generally operate more cost-efficiently.

First and foremost, a better integration of the various processes of project delivery is needed. Greater emphasis on the buildability of designs upfront will lead to wider adoption of cost-saving and labour-saving construction technologies while at the same time minimising material wastage. This call for better integration also extends to project management. To support this new spirit of collaboration and teamwork, Mr Tang called for clear delineation of responsibilities among those involved in project delivery and that every party should be held accountable for what it had done.

At the individual level, Mr Tang said a workforce that had the flexibility to respond to the changing demands of the industry had to be nurtured.

"Over-specialisation of skills have severely hampered the operational efficiency of the industry and undermined the development of a stable workforce."

By upgrading the skill levels of craftsmen through training and providing a favourable environment for more stable employment, important steps should be made in providing career development opportunities for construction workers.

In support of greater integration across processes during project delivery, professionals would also need to broaden their outlook and equip themselves with the necessary knowledge to work effectively with one another across disciplines, he added.

Mr Tang also urged for the nurturing of a performance-oriented culture in the construction workforce and that construction personnel should develop a sense of pride in their output.

Mr Tang said the construction industry was a key sector of the economy, contributing six per cent of the GDP.

"Construction industry concerns everyone of us, not just those directly engaged in the delivery of the numerous buildings and infrastructures around us."

He asked end users as much as industry players to take an active interest in how this industry fared and how it could further uplift its performance.

"Such support was crucial for the Review Committee to succeed in its task to formulate a strategy that would empower the construction industry to cope with the new demands of the 21st Century", he said. ■

## NEWS FROM THE SURVEYORS REGISTRATION BOARD

*Stephen Liu, Chairman of SRB*

This is the first time for Surveyors Registration Board (SRB) news to be published in the "Surveying" newsletter. Thanks to the Editorial Board for their kind support in making this happen. The majority of Registered Professional Surveyors (RPS) are members of The Hong Kong Institute of Surveyors (the others are mainly members of The Royal Institution of Chartered Surveyors) and most of the Board Members are nominated by the General Council of the Hong Kong Institute of Surveyors. SRB also share part of the cost in the running of the HKIS administration office in accordance to the number of Registered Professional Surveyors.

SRB has recently set up a web site containing relevant information of the Board. Members are encouraged to visit the web site at "www.srb.org.hk" to browse around and give comments or enquiries if they wish. An application form can be downloaded from the web site to facilitate those who want to apply as RPS.

The Annual Report for Year 1999 and a news leaflet have been sent to all members in July. If you did not receive any of them, please contact the Registrar, Mr. Gordon Ng.

The Promotional Group has obtained endorsement from the Board recently to carry out certain activities to promote the image and services of RPS including organising seminars or conferences, preparing souvenirs to members, lobbying government and public bodies to take on RPS as the standard of statutory declaration document and entry requirement to government jobs.

The SRB news section will be published in "Surveying" at quarterly intervals.

If any members have any suggestion or comments, please contact the Registrar. ■

## NEW STANDARD CONDITIONS OF CONTRACT

*By Gilbert Kwok and Jacob Lam  
QSD, PRC Sub-Committee*

On 24 December 1999, the Ministry of Construction issued a new standard condition of contract. These conditions are intended to replace the edition that was introduced in 1991.

The main reason for producing the new edition was to make sure that the conditions complied with the New Construction Law (effective on 1 March 1998) and the New Contract Law (effective on 1 October 1999).

There are a number of changes in the language and layout of the conditions that are designed to make matters clearer. To a certain extent, the format of the new edition is similar to that of the FIDIC Conditions of Contract for Works of Civil Engineering Construction.

The new contract is divided into 3 parts, namely the articles of agreement (Part I), the general conditions (Part II) and the special conditions (Part III). The parties to the contract will have to agree, and include in the special conditions, particulars of their contract. However, while the conditions of particular application of the FIDIC form have guidelines for the preparation of clauses, the special conditions do not have such assistance provided to the contracting parties.



# WHO BEARS THE COST OF INVESTIGATING FOR DEFECTS

John B Molloy, LLB (Hons), BSc (Hons), FHKIS, FRICS, MCI Arb, RPS (QS)  
Managing Director, James R Knowles (Hong Kong) Limited

We will look at some of the provisions below:

## 1. EXTENSION OF TIME FOR COMPLETION

In addition to those events to be agreed by the parties and included in the special conditions, under Clause 13 of the general conditions, the Contractor is entitled to an extension of the completion date, subject to confirmation from the Engineer, if one of the following events occurs:-

- (a) delay in the provision of drawings or appropriate condition to commence work by the Employer according to the special conditions;
- (b) the progress of the work has been disrupted by the delay of the Employer in making advance and interim payments according to the contract;
- (c) the progress of the work has been disrupted by the failure of the Engineer to provide necessary order or approval according to the contract;
- (d) variations;
- (e) if the supply of water, electricity or gas has been discontinued for more than 8 hours in a week unless due to the default of the Contractor; and
- (f) force majeure.

The new edition has introduced three additional grounds for extension of time in Sub-clauses 13 (a) to (c). These events are usually referred to as acts of prevention by the Employer.

However, most of these events of delay have already been covered by Article 283 of the New Contract Law which provides that if the Employer fails to provide the Contractor with raw materials, equipment, site, money or technical information in accordance with their agreement, the Contractor is entitled to an extension of the completion date and is also entitled to claim damages for delay and disruption.

Under the new edition, the contractor has to provide the Engineer with a written report within 14 days after the event of delay has occurred. If the Engineer does not object to or vary the period stated in the report within the next 14 days, he is taken to have agreed to the Contractor's extension of time application. Whilst you may say that 14 days is not sufficient to prepare such a report, the time allowed is almost 3 times that permitted under the earlier edition.

## 2. LIQUIDATED DAMAGES

Clause 35.2 of the general conditions provides that if the Contractor cannot complete the work within the period stipulated in the contract plus any period as extended by the Engineer, the Contractor has to pay the Employer liquidated damages as agreed and stipulated in the special conditions.

Unlike a number of contracts commonly used in Hong Kong, it is not provided in the contract (under Clause 35 or Clause 26 (payment term) of the general conditions)

that the Employer may deduct such liquidated damages from any amount due to the Contractor.

There is a similar provision in the earlier edition. Under Clause 31 of the old form, if the Contractor cannot complete within the time stipulated under the contract, upon request made by the Employer's representative, the Contractor has to pay liquidated damages provided in the contract.

Under Hong Kong law, a Contractor is in general liable to pay liquidated damages provided in the contract even if actual damages suffered by the Employer are less than the agreed sum unless the liquidated damages clause is unenforceable as a penalty clause. However, Article 114 of the New Contract Law empowers the Court or the arbitrator to vary the agreed sum if the actual damages sustained by the Employer are more than the agreed sum or substantially lower than the agreed sum.

## 3. DISPUTE RESOLUTION

Clause 37 of the general conditions provides that if there is a dispute between the parties, either party may refer the dispute to be resolved either by litigation or arbitration as agreed by the parties and stated in the special conditions. Notwithstanding such dispute, the Contractor has to continue with the contract work.

There is a similar provision under Clause 30 of the earlier edition. ❏

Defective works on construction projects are currently a hot topic in Hong Kong, with problems with piling and reinforcement hitting the headlines in the newspapers. Employers, alerted to potential problems, may seek to carry out investigations to check for defective works. But in such circumstances who pays the cost of such investigations and does it make any difference if the works are subsequently proven to be defective?

A recent case in Scotland may be of some assistance in answering these questions. The case was that of **Johnston v W H Brown Construction (Dundee) Ltd, 11 June 1999**.

Johnson was the employer who engaged W H Brown Construction as the contractor to construct an office block. The contract used was the Scottish Building Contract with Contractor's Design, January 1993 revision.

After completion of the works, but during the Defects Liability Period, the employer became concerned that there were defects in the external building envelope and instructed a firm of architects, HRP, to investigate. The report identified a number of areas in which HRP considered that the building did not conform to the Building Regulations, and consequentially the Contract Specification.

Without conceding liability, the contractor undertook remedial works at their own expense.

The employer commenced an action for damages for breach of contract, seeking

recovery of the costs incurred in instructing HRP and a firm of solicitors to advise them on the contractual aspects of the defects. The pursuers also claimed GBP52,982 in respect of management costs.

The contractor argued that the employer was not entitled to recover the costs of engaging a third party in respect of defects appearing within the Defects Liability Period, and that such defects should simply be dealt with under the contract mechanism.

In this respect Clause 16.2 of the Contract provided that any defects appearing during the defects liability period which were due to the contractor's failure "shall be specified by the Employer in a Schedule ... which he shall deliver to the contractor as an instruction of the employer" within a specified time for the contractor to make them good.

The defects clause was thus similar to Clause 15(2) in the Hong Kong HKIS Private Form of Contract and GCC Clause 56(2) in the Hong Kong Government Forms of Contract.

It was admitted that in some circumstances an employer might recover consequential damage at common law. However, the action in the present case did not concern consequential damage, and did not flow from a breach but in the course of the operation of a contractual provision.

The court held that the contract confers powers or imposes duties on the employer to issue instructions to the contractor. These include the preparation and delivery, after

practical completion but not later than 14 days after expiration of the Defects Liability Period, of a Schedule of Defects, such action being contractually characterised as an instruction (Condition 16.4).

The costs of exercising such powers or performing such duties, including costs incurred in investigation and preparation thereof, are costs which prima facie are to the account of the employer. Such costs were therefore not recoverable and in this respect it made no difference whether defects were discovered or not.

This seems entirely logical. All forms of contract provide that either the employer or more normally his agent the Architect or the Engineer will perform certain duties during the currency of the contract. Such duties would include issuing and valuing variations, rejecting works not in accordance with the contract, and of course preparing a list of defects in the defects liability, or maintenance periods. It would be absurd to suggest that the employer can then send a bill to the contractor for the Architect or the Engineer to carry out such duties.

Similarly the costs of taking legal advice on the contractual position regarding the defects were not recoverable. This point was made clear in **Shanks v Gray 1977 S.L.T. (N) 26**, where it was held that the costs of taking legal advice prior to the submission of a claim are not recoverable as common law damages even if the claim is proved to be well founded.



## 亂點鴛鴦

吳恆廣

This point of course applies equally to contractors raising claims and in a previous article I clarified that in general a contractor cannot recover the costs of preparing a claim, which costs would of course include for taking legal advice on the contractual positions.

In the course of the judgment the court went on to consider whether the situation would have been any different outside the Defects Liability Period, and this will be of great interest to contractors in Hong Kong at the present time.

The court, by reference to Shanks v Gray, stated that if defects were discovered after the expiry of the Defects Liability Period, the employer's only remedy would be an action of damages for breach of contract, and he would have no remedy under the contract itself by instructing the contractors to remedy the defects. If, in that situation, the Employer instructed architects to ascertain the nature and extent of the defects, the Court considered that he would not be able to recover the cost of so doing in the subsequent action for damages.

This judgement therefore may have significant relevance to the types of problems recently experienced in Hong Kong where an employer investigates suspected defects, discovers some, and then seeks to recover the cost of that investigation from the contractor. On the basis of this judgment the employer would appear precluded from doing so. ■

年前，曾經看過兩個並排的花牌，上面分別寫着「毛錢聯婚，何府謙客」。當然，這是一個非常巧合的配搭。往後的日子，路過酒樓時，亦不時用好奇的心情，看看誰是「幸運兒」。

我可以舉出七十多對有趣的姓氏配搭，不過，由於有些過於粗俗，所以現在只選出以下二十對，以博各位一笑：

胡馬	邊疆的馬匹，意指匈奴人。古詩云：但使龍城飛將(飛將軍：李廣)在，不教胡馬渡陰山(地名)。
容易	easy
鮑余	鮑魚
陸葉、黃葉	綠葉、黃頁
袁畢	完畢
鄺張	擴張
施文	gentleman like
甘商	金商
黎明	dawn
夏季	summer
孫姜	sour ginger
范香	fragrant rice。不久前，香港一則師樓以「范香」兩董事為名。
沈楊	瀋陽，地名，在中國東北部
烏龍	搞胡塗
殷商	earnest merchant
魯翁	old man
殷仇	love and hatred
呂程、鍾程	旅程是journey；鍾情是fond of
關卡	blockage
歐周	歐洲

中國姓氏數以千計，最近我目見耳聞的，就包括「閻、左、扶、秋、單、咬、衛、慕容、遲」，數不勝數。另外，英文姓氏，亦有不少是很有趣味的，讀者如有興趣，可考慮以此為題下次投稿呢！ ■

## CORRECTION

The author of the article "Pay When Paid: A QS's View" (published in "Surveying", July 2000), wishes to clarify that the Wo Hing case, being a High Court judgment, does not bind on the High Court itself or on arbitrations. Only the Court of Appeal and the Final Court of Appeal decisions do.

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