



# Surveying

news



Stephen Liu

## Message from the President

## MR STEPHEN LIU HKIS ELECTED PRESIDENT 2000/01

### NEW PRESIDENT'S ADDRESS (DELIVERED AT THE HKIS AGM ON 12 DECEMBER 2000)

Dear members,

It is my great honour to be elected as the President of the Institute for the coming year.

First of all, I would like to thank Francis Ng, the outgoing President, for laying down all the good foundation for me to carry on with the Institutional works.

Secondly, I would like to thank members for all their support to enable the General Council and office bearers to carry out their entrusted jobs.

Since 1997, after the dissolution of RICS Hong Kong Branch, the Hong Kong Institute of Surveyors became the only recognised professional body in Hong Kong for surveyors. This is reflected by the big increase in membership and representation in various government consultative bodies. We should grasp this opportunity to enhance the image of professional surveyors to serve the community of Hong Kong and to broaden the business opportunity for individual and surveying companies.

On the up side, we have our past President, the Hon. C.Y. Leung being appointed as the Convenor of the Executive Council for the SAR Government. In October this year, we had another past President, the Hon. P.C. Lau, being elected as a Legco member.

I am sure that the image of "Surveyors" is one of the top professions amongst the others in Hong Kong.

On the down side, we have seen the requirement of young qualified surveyors to take a further examination before they can be a licensed Real Estate Agent.

We have also been ignored by the Government on the issue of Registered Housing Manager.

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# Surveying NEWS

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.

## HKIS EXECUTIVE COMMITTEE 2000/2001

President	Stephen Liu - 廖凌康 FHKIS, FRICS, ACI(Arb), RPS (QS)
Senior Vice-President	Hak Chan - 陳克 FHKIS, FRICS
Junior Vice-President	Kenneth Chan - 陳佐堅 BSc, FHKIS, FRICS, FBEng, MCIArb, AP, RPS(BS), CFM, FPPEM
Honorary Secretary	Albert So - 蘇振顯 BSc, FHKIS, FRICS, FCIH, FHKIH, RPS (GP)
Honorary Treasurer	T. T. Cheung - 張達堂 BSc(Hon), MSc(Arch), FHKIS, FRICS, RPS (QS)
Immediate Past President	Francis Ng - 吳恆廣 FHKIS, FRICS, ACI(Arb), RPS (QS)
Chairman, Building Surveying Division	Richard K. H. Cheung - 張國豪 FHKIS, ARICS, ACI(Arb), RPS (BS)
Chairman, General Practice Division	Tony Tse - 謝偉銓 FHKIS, FRICS, RPS (GP)
Chairman, Land Surveying Division	C. H. Wong - 黃仲衛 FHKIS, FRICS, ACI(Arb), AMBCS
Chairman, Quantity Surveying Division	Nelson Cheng - 鄭偉雄 FHKIS, ARICS, AAQIS, ACI(Arb), RPS (QS)
Chairman, Junior Organisation	David Wan - 尹子威 MBA, MSc, AHKIS, ARICS, MCIArb, RPS (GP)

## SECRETARIAT

Secretary-General	Gordon M. Y. Ng - 吳文仁 AHKIS, ARICS, RPS (GP)
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## EDITORIAL BOARD 1999/2000

Hon. Editor	Kenneth Chan - 陳佐堅
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GPD rep.	Tam Shiu Hong - 譚紹匡
LSD rep.	Chau Ming, Marvin - 周明
QSD rep.	Gilbert Kwok - 郭靖華
JO rep.	Ivan Ng - 吳瑞光

## 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 5,400 readers. For detailed information and advertising rates, please contact Ms Margaret Yung of the Secretariat office at 2526 3679.

**The Hong Kong Institute of Surveyors**  
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Office Hours:  
Monday to Thursday 9:00am - 5:30pm  
Friday 9:00am - 5:00pm  
Saturday 9:30am - 12:30pm

Our road ahead is not straight and smooth. Most surveyors and surveying companies are being faced with cut throat fee competition. Surveyors working in the Government and Public Bodies are also facing huge pressure to cope with increased workload but with reduced resources.

The professionalism is sometimes given way to business reality. The quality of services is dropping and clients are complaining of the lower standard of performance.

We need to put forward to the Government that fee competition is not to the real benefit of the public.

I would like to set up a standing committee on "Professional Practice and Fees" to advise the General Council on the ways ahead to protect the members and Institute's interest in this respect.

Two years ago, a motion to streamline the Institute's Constitution was not passed.

For the future benefit of the Institute, we need to re-visit the proposal and to recommend any other necessary changes to our existing Constitution to allow the Institute to grow beyond the new millennium.

On the international front, our Institute is not having enough exposure and recognition by other professional bodies and government, both overseas and in Mainland China.

## JOINT PROFESSIONAL CENTRE

Some of you may have already visited or participated in one of the HKIS events held at the Joint Professional Centre (JPC). The JPC is situated in the Ground Floor of The Centre, 99 Queen's Road, Central, Hong Kong, right opposite the Hong Kong Tourist Association.

Being one of the members of the JPC, we will endeavour to use the facilities on offer by the JPC. The JPC has many function rooms such as a theatre, conference room, lecture, training and computer rooms and facilities include P.A. system and LCD projector. Other equipment such as TV set and VHS VCR, Notebook Computer, Cassette Player

To some countries and also to Mainland China as well, the Hong Kong Institute of Surveyors is only a local professional body and cannot truly represent the surveying profession in China and in the Region.

We need to strengthen our relationship with our overseas counterparts and re-establish our close link and influence in Mainland China.

On the education issue, we are quite behind in recognising relevant university courses in China as equivalent to those courses in Hong Kong and overseas to gain access to professional qualification. We should keep our eye open and should not be afraid of competition from China. On the other hand, China can provide a great opportunity and market for Hong Kong professional surveyors and close co-operation between the two is essential for the development of professional surveying services in Hong Kong and in China.

Finally, I would like to stress my belief that Surveyors are the leading building and property profession in Hong Kong and we should try our best endeavor to uphold this image.

I look forward to having your continuous support in the coming year to bring our Institute into a new era.

Thank you. ☑

etc. may be hired. Refreshments are also available upon request. The function rooms can be booked for a full day, half day or evening session and hourly rental is also available.

The JPC offers very competitive rates and members of HKIS are welcome to hire the function rooms. A discount of 15% is available to members of HKIS and a further discount of 5% will be allowed should the event be endorsed by HKIS. For further information about the booking of the facilities at the JPC, please contact Mr Victor Yip at 2169 3130 or Ms Venus Tang at 2169 3132. ☑

## HKIS GENERAL COUNCIL 2000/2001

The following office bearers were elected to the HKIS General Council for the term 2000/2001, at the Annual General Meeting held on 12 December 2000 at the Joint Professional Centre, The Centre, Central, Hong Kong.

President	Mr LIU Ling Hong, Stephen
Senior Vice-President	Mr CHAN Hak
Junior Vice-President	Mr CHAN Jor Kin, Kenneth
Honorary Secretary	Mr SO Chun Hin, Albert
Honorary Treasurer	Mr CHEUNG Tat Tong

Representatives from the Divisions are:-

### Building Surveying Division

Mr CHEUNG Kwok Ho, Richard (Chairman)

Dr CHAN Man Wai

Mr TANG Hoi Kwan, Edwin

### General Practice Division

Mr TSE Wai Chuen, Tony (Chairman)

Miss Mona WOO

Mr POON Wing Cheung, Lawrence

### Land Surveying Division

Mr WONG Chung Hang (Chairman)

Mr LAM Li WAH

Mr CHEUNG Wai Man

### Quantity Surveying Division

Mr CHENG Wai Hung, Nelson (Chairman)

Mr LEUNG Lap Ki, Francis

Mr KWOK Ching Wah, Gilbert

### Junior Organisation

Mr WAN Chi-wai, David (Chairman) ☑

## DIPLOMA PRESENTATION

A diploma presentation for Fellow and Associate members elected on 14 September and 9 November 2000 was held on 7 December. Members from the Building Surveying, Land Surveying and Quantity Surveying Divisions received their diplomas from the President, Mr Francis Ng and their respective divisional chairmen. ☑



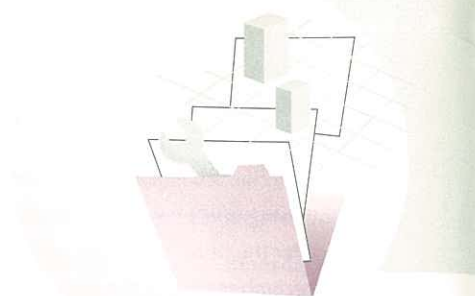
Newly elected Fellow and Associate members of the Building Surveying Division with the President and Mr Richard Cheung, BSD Chairman



Newly elected Associate members of the Land Surveying Division with the President and Mr Wong Chung Hang, LSD Chairman



Newly elected Fellow and Associate members of the Quantity Surveying Division with the President and Mr Nelson Cheng, incoming QSD Chairman



## Building Surveying Division

The Building Surveying Division had organised two site visits in the first two weekends of December 2000. A visit was made to the Medical Building of the University of Hong Kong and the International Finance Centre. These visits were well attended and most welcomed by members. With the approach of a new year, please watch out for further events.

The AGM of the Building Surveying Division was held on 1 December 2000 in the Jockey Club. The AGM was attended by 39 members, with 5 student members in attendance. In the meeting, a new council was elected and the list of new council members is as follows:-

Chairman	Mr Richard Cheung
Vice Chairman	Dr Chan Man Wai
Hon. Treasurer	Ms Catherine Yiu
Hon. Secretary	Mr Nelson Ho
Council Members	Mr Kenneth Chan Mr Edwin Tang Mr Ben W. H. Chong Mr Kenneth Yun Mr Alex Wong Mr Edgar Li Mr Andrew Ip Mr Bishop Chung Mr Philip Tse Mr Raymond Chan


Please feel free to contact the council members if you should have any suggestions and/or requirements regarding the Building Surveying Division.

The three representatives from the BS division elected to represent our division at the General Council of HKIS are:

Mr Richard Cheung  
Dr Wai Chan  
Mr Edwin Tang

The Building Surveyors' Annual Dinner was held after the AGM. Over 50 members and guests attended the dinner. The HKIS President, Mr Francis Ng, made a presentation of the award of "Distinguished Building Surveyor" to 5 senior members. These distinguished members were credited for their service to the BS profession:-

Mr Eddie Lee  
Mr Samson Wong  
Mr Kenneth Chan  
Mr David Chan  
Mr Richard Cheung



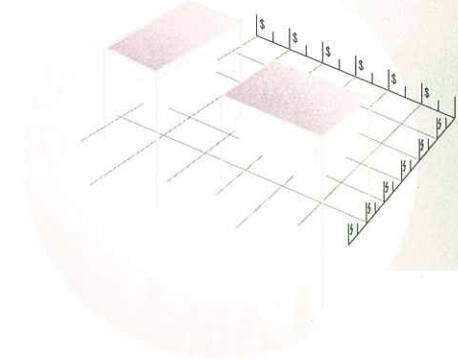
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HONG KONG AUSTRALIA PHILIPPINES



## GENERAL PRACTICE DIVISION

Tony Tse, Chairman

### ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) 1999/2000 of GP Division was held on 5 December 2000 at the Joint Professional Centre. It was attended by over 60 members. At the meeting, members were highlighted of the major events attended by the GP Council in the past twelve months and a number of observations and comments were discussed. These included more resources should be allocated on property market research and data assembly, contacts with the PRC valuation organizations, licensing requirements for estate agency works etc. Immediately following the AGM, we arranged for Hon. P. C. Lau to brief us of his "2-month" experience in the Legislative Council and also to exchange views on various issues affecting our profession. A number of points were raised and Hon. P. C. Lau has agreed to follow up on matters such as allowing surveyors to handle conveyancing matters (after implementation of the title registration system); our representations in various Government committees including Estate Agents Authority; the registration of Property Manager etc.

On behalf of the GP Council, I would like to thank, once again, Hon. P. C. Lau for attending the function.

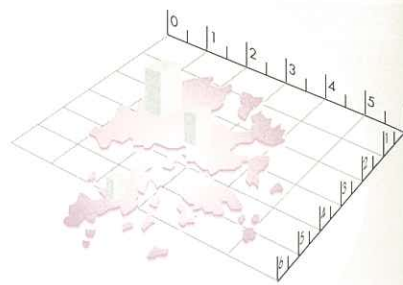
### APC ASSESSMENT, AUTUMN 2000

The APC written assessment was held on 9 October 2000 but the results were not encouraging. Whilst the GP Council will study the matter in further detail when the full results are available, the following are some of the statistics of the written assessment for members' information. Certainly, the GP Council would explore ways to improve the candidates' performance and should members have any suggestions, please feel free to contact your Council members.

Question No.	Passing Rate
1	37%
2	35%
3	26%
4	36%
5	0%
6	44%
7	54%

### VISIT OF THE SHANGHAI REAL ESTATE APPRAISERS ASSOCIATION

20 delegates of the Shanghai Real Estate Appraisers Association (上海市房地產估價師協會) arrived in Hong Kong on 4 December 2000. Our President, Mr. Francis Ng, on behalf of the HKIS, hosted a welcome dinner during the evening. On 5 December 2000, a half-day seminar on property market and valuation practice of Hong Kong and Shanghai was organized, with over 100 members attending the conference. There were a total of 6 guest speakers from the Shanghai Real Estate Appraisers Association and 3 from our Institute. In the afternoon, a "Memorandum of Co-operation" was signed between the 2 organizations. The GP Council welcomes more such opportunities to build up contacts with the valuation organizations of the Mainland China in future.



## LAND SURVEYING DIVISION

### 1999/2000 AGM

The Land Surveying Division held its Annual General Meeting on Wednesday, 15 November 2000 at the Hong Kong Convention and Exhibition Centre. 43 members attended the meeting.

The Chairman's Report and the Hon. Treasurer's Report were presented in the meeting and endorsed. The following were the elected officers and members of the Land Surveying Divisional Council 2000/2001:

Chairman	Mr WONG Chung Hang
Vice Chairman	Mr LAM Li Wah
Honorary Secretary	Mr CHEUNG Wai Man
Honorary Treasurer	Mr AU Chi Ho

#### Members

Mr CHAN Hon Kwan, Henry  
Mr CHAN Tak Hing  
Mr CHAU Ming Marvin  
Mr CHU Fei Man  
Mr LAM Lik Shan, Lesly  
Mr NG Kwok Wai, Paul  
Mr SIU Wai Ching  
Mr TANG Hong Wai, Conrad  
Mr TANG Sze Kin, Eric  
Ms TSOI, Rina  
Mr WOOTTEN, Ian Frederick

#### JO Representative

Mr CHAN Yue Chun

#### Student Representative

Mr CHOI Wai Man



The LSD council 2000 / 2001 at the AGM

### REPRESENTATIVES TO THE HKIS COMMITTEES & WORKING GROUPS

The new nominations to the various HKIS committees and working groups are as follows:

#### Public Relations Committee

Mr SIU Wai Ching

#### CPD Panel

Mr KWOK Chi Wo

#### SST Working Group

Mr TANG Sze Kin, Eric

#### Standing Committee on Fees and Professional Charges

Mr TANG Sze Kin, Eric

#### Standing Committee on Information Technology

Mr CHU Fei Man

#### Standing Committee on Urban Renewal

Mr SO Wing Yeung

#### Standing Committee on Environment and Sustainable Development

Mr SO Wing Yeung

#### HKIS Representative on FIG Commission 6 (Engineering Survey)

Mr CHAN Yue Chun

## QUANTITY SURVEYING DIVISION

Nelson Cheng, Chairman

### QSD AGM

The AGM of the QS Division was held on the 4 December 2000. I was pleased to be elected as the Divisional Chairman for the year 2000/2001, with the following Officers and Committee Members being elected:

Vice-Chairman	Mr Francis LEUNG
Honorary Secretary	Mr Gilbert KWOK
Honorary Treasurer	Mr Thomas TSE
Committee Members	Mr Jacob LAM Mr Evelyn KWOK Mr Rowson LEE Ms Ellen LAU Mr Stephen CHUNG Mr Keith YIM Mr Derek DREW Mr Sam CHENG Mr K F YAU Mr Daniel HO Mr N W KWAN Mr K S YAM Ms Sandy TANG Mr Honby CHAN Mr K C TANG Mr Paul HO

I welcome all the newly elected council members who have decided to contribute some of their personal time in serving the QS profession. There are also five new council members this year and together with the existing members, we shall have a balance of both experience and new energy in the new Council.

### INTERNATIONAL CONFERENCE ON PROJECT COST MANAGEMENT 2001

The 2001 International Conference on Project Cost Management will be held in Beijing from 25 to 27 May. This is the first international conference we have jointly organised with the Department of Standards and Norms of the Ministry of

Construction and the China Engineering Cost Association. We have to ensure that the conference is successful. It will not only enhance our relationship with MOC and CECA but will also enhance our international image in the QS profession. Dr. Anita Liu (our past chairman) as the conference secretary and our leader from HKIS, will be leading a team to organise the seminar.

### 5TH PAQS (THE PACIFIC ASSOCIATION OF QUANTITY SURVEYORS) SEMINAR AND BOARD MEETING 2001

In addition to the 2001 Beijing Conference, we are also organising the 5th PAQS (The Pacific Association of Quantity Surveyors) Seminar and Board Meeting in Hong Kong on 22 and 23 May 2001, prior to the conference. The ICEC Region IV Meeting will also be held at the same time. For members' information, Mr. T T Cheung, our immediate past chairman will be the President of PAQS next year.

For more information about the Beijing conference and the PAQS Seminar, please go to the web site [www.srb.org.hk/2001\\_conf/](http://www.srb.org.hk/2001_conf/) and [www.srb.org.hk/2001\\_conf/paqs.htm](http://www.srb.org.hk/2001_conf/paqs.htm) respectively.

Lastly, I wish all members a happy and prosperous New Year!



# TECHNICAL MEMBERSHIP

Alexander Ho, Chairman, SST Working Group

## Q&A SECTION

### FORUM

The Working Group had arranged an open forum on 17 October 2000 and the Senior Vice-President, Mr Stephen Liu, kindly accepted our invitation to sit on the panel. It was a disappointment to the Working Group that, though about 100 members said in the responses to the questionnaire that they would attend the forum, only 15 members turned up. However, although there were different opinions and suggestions, all the members in attendance supported the creation of a proposed technical membership.

### REPORT OF THE PROCEEDINGS

The Working Group had prepared and presented to the General Council on 9 November 2000, a Report of the Proceedings and the following is the summary of the Report:-

“Various opinions and feedback have been gauged from the HKIS members as well as from the ex-SST (HK) members on the proposal of the possible creation of a new technical grade within the Institute. Generally speaking, the members who came forward and spoke up about the subject were supportive of the idea, although there were some different suggestions. However, these members only represented a comparatively small portion of the total membership who remain silent on the subject.

The Working Group is of the opinion that the creation of a proposed new technical grade will enhance the Institute to have a wider spectrum of membership including student members, technical members and corporate members who will support the HKIS to penetrate well into the community.

However, the creation of a proposed new technical grade will not become a reality unless all the council members, including those from the General Council and the divisional councils, are supportive of the idea.

As a means to conclude, it was suggested that :-

The General Council and all the divisional councils must firstly convince themselves that it is beneficial to the Institute for creating the proposed new technical grade, and they must take it as a high priority item on their agenda to make a push for the members vote for this proposal.

All the members from the General Council and the divisional councils, particularly the senior members, must make their best effort to explain to those members without any interest on the issue, the benefits and to lobby them to support the proposal via the newsletter, personal contacts, etc.”

### COMPLETION OF TASK

The Working Group received a letter dated 29 November 2000 from the President of the HKIS stating that the said report was well received by the General Council, which agreed that the terms of reference in gathering members' views and giving advice to the General Council on the findings in respect of the possible creation of a new technical grade within the Institute had been satisfied and considered the Working Group had completed its task.

However, the momentum for creating a new technical grade within the Institute will continue to go forward. The President has informed the Working Group in the said letter that the next General Council would set up a Working Group to work on the implementation and possible amendments to the HKIS Constitution and Byelaws which is critical to the success of creating a new grade of membership. We wish the Working Group all the success with their task.

Once again, I would like to thank all members of the Working Group for their support and contribution. Without them, the task would not have been completed. I would also like to thank all the members who have supported the works of the Working Group and for all their suggestions and comments. ☐



## MAINTAINING BUILDINGS BY MULTI-PRONG APPROACH AND PARTNERSHIP

“We come to you with a package of different solutions to our problems of building maintenance. Ours is a multi-prong approach for community partnership,” Head of Task Force on building safety and preventive maintenance, Mrs Helen Yu said at a meet-the-media session on 23 November 2000.

“It is the owners' responsibility to maintain and manage their own property. The Government will give all possible support to owners and owners' corporations, particularly those in need.”

For technical assistance, Building Co-ordinators of the Buildings Department would continue to survey buildings jointly with other enforcement departments to provide technical advice under the pilot on Co-ordinated Maintenance of Buildings Scheme, using the existing laws.

The Task Force has also proposed enhancing the Building Management Resource Centres of the Home Affairs Department from providing information to regional one-stop shops for referring enquiries and complaints to enforcement departments. Front-line staff of the Home Affairs Department should have legal advisory support to offer effective advice to owners and owners' corporations.

Loans from the combined fund amounting to \$700 million will have much wider coverage. Besides improvement of structural stability, external finishes and fire safety, it will also cater for repairs and maintenance, removal of unauthorised building works, lift and slope safety and improvement of cubicles for fire protection.

“While normal repayment terms are 36 months at an interest rate with no gain or loss to the public purse, we are particularly mindful of the needs of owners in hardship, e.g. elderly persons with very low income. They should have more generous terms.”

“Our thinking is for them to repay over a much longer period, i.e. 72 months, at no interest, or to settle the loan upon transfer of title.”

“To ensure proper understanding of their rights and obligations as well as application procedures, we will widely publicise the loan scheme and enlist the help of social workers and support teams for the elderly.”

To help owners' corporations to act on behalf of willing and responsible owners, the task force has proposed empowering them to apply for loans to meet the shortfall resulting from able but irresponsible owners not co-operating and not paying their dues towards maintenance of their own buildings.

Security for such loans should be a charge against those irresponsible owners' property titles. Appropriate measures must, of course, be put in place to guard against abuse.

Arrangements should be reviewed after the second year of operation for any improvement necessary.

The Building Management (Amendment) Ordinance 2000, passed in June, empowers the Secretary for Home Affairs to order compulsory management for problematic buildings. To ensure quality of services, the task force considers registration of building management companies necessary.

In the course of study, the task force has examined the scope for introducing the mandatory building safety inspection scheme earlier proposed. It has concluded that the Government should give positive and proactive support to owners in need, and regulatory or legislative measures should be kept to a minimum.

Meanwhile, the Director of Buildings' pilot on Co-ordinated Maintenance of Buildings Scheme and Secretary for Home Affairs' Building Management (Amendment) Ordinance 2000, are both now in place. These are steps in the right direction. They should be given time to take effect. The Government should assess the outcome in the light of experience to consider whether it

is necessary to legislate for periodic inspection and maintenance.

As for new buildings, a long-range view is essential, starting well before construction.

Land leases and deeds of mutual covenant govern relationships among developers, property owners and building management. These documents should specify maintenance responsibility even from the planning and design stages.

For instances, developers should design buildings for easy maintenance, use safe and durable materials, provide longer defects liability warranty, set out a schedule for future major repairs for owners' reference and kick-start maintenance reserve funds.

Owners should contribute to the maintenance reserve funds by saving up a reasonable percentage of management fees and take out public liability insurance for the common parts of their buildings.

The task force firmly believes in the effectiveness of economic considerations and market forces in motivating owners. Well maintained buildings would attract higher market value and more favourable mortgage terms or rental income. Owners' desire for enhanced property value, lower insurance premium and management fee would help to mobilise them.

Some have suggested classifying buildings on their standards of safety, management and maintenance. The task force supports the idea and considers a voluntary scheme viable. Owners should be encouraged to come forward for independent rating after repairs and maintenance.

Good building care requires community participation and positive attitudes. "I have written to the District Councils and relevant

professional bodies to seek an opportunity to exchange views," said Mrs Yu. Sustained multi-media public education is the key to promoting timely maintenance.

"There is no single panacea. Given the will and responsible care for our buildings, together we will overcome problems of disrepair," Mrs Yu added.

Members of the public are welcome to contact the task force at their website <http://www.plb.gov.hk/taskforce>

## PROPOSALS FOR ALTERATION OF 2000-2001 VALUATION LIST AND GOVERNMENT RENT ROLL

The Rating and Valuation Department has completed the review of the 50,000 objections received from March 25 to May 31 2000 against the new rateable values in the Valuation List and Government Rent Roll. About 25% of the objections were reduced, the remainder either being confirmed or withdrawn by the objectors.

A spokesman for the Department on 24 November said that any person who lodged an objection during the period mentioned above, and who has not yet received a Notice of Decision (Form R22A), should contact the Department's Customer Services Officer, Mrs. Yvonne Chun, by calling 2150 8902.

The spokesman added that any alteration in rateable value as a result of the objection will be backdated to 1 April 2000 and adjustments to the amount of rates and Government rent payable will be made in subsequent demand notes.

## STUDY ON THE POTENTIAL APPLICATIONS OF RENEWABLE ENERGY IN HONG KONG

The Government awarded a HK\$4.9 million consultancy contract to Camp Dresser & McKee International Inc., to undertake a comprehensive study in the coming 32 months, to investigate the viability of using new and renewable energy technologies in Hong Kong and to make recommendations for formulation of an implementation strategy.

A pilot project to install photovoltaic panels in existing government building(s) to demonstrate to the general public the applicability of new and renewable energy technologies will also be included as part of the study.

The study will help the Government to formulate a development strategy using new and renewable energy technologies in Hong Kong, to reduce pollution arising from energy use and to reduce reliance on fossil fuels.

The study will :-

- collect and analyse information on all new and renewable energy technologies;
- evaluate the different new and renewable energy technologies to identify those suitable for use in Hong Kong;
- establish requirements and specifications for suitable new and renewable energy equipment and provide estimates of the potential scale of application;

- identify practical arrangements to support the introduction and maintenance of new and renewable energy technologies;
- devise master plans to address the priorities and preferences relating to the promotion and implementation of cost-effective new and renewable energy technologies;
- formulate a policy proposal with a strategy on wider applications of new and renewable energy technologies; and
- select and supervise a design and build contractor to install photovoltaic panels in existing government building(s) as well as collecting data to assess the performance of Building Integrated Photovoltaic systems.

The study is an initiative managed by the Energy Efficiency Office of the Electrical and Mechanical Services Department at the directive of a Steering Group comprising members from the Environment and Food Bureau, Economic Services Bureau, Architectural Services Department and the Electrical and Mechanical Services Department.

## RESIDENTIAL MORTGAGE SURVEY RESULTS FOR OCTOBER 2000

New mortgage lending and new loans approved rose moderately in October, according to the HKMA's monthly survey of residential mortgage lending. However, the rise was due to a special factor relating to the reallocation of a mortgage portfolio between authorised institutions. Underlying growth remained sluggish.

The amount of gross new loans made in October increased by 4.2% to HK\$8.9 billion after declining by 25.3% in September. The average size of new loans increased to HK\$1.39 million from HK\$1.35 million in September.

New loans approved during the month rose by 9.1% to HK\$11 billion compared with a decline of 5.8% in September, largely driven by growth in approvals for transactions in the primary market and refinancing loans. After falling for four consecutive months, the share of the total new loans approved accounted for by refinancing loans rose to 29.6% from 25.7% in September. The increase in refinancing loans was mainly related to the reallocation of a mortgage portfolio mentioned above. Loans approved during the month but not yet drawn increased by 1.0% to HK\$7.6 billion from HK\$7.5 billion in September.

The average loan-to-value ratio of new loans approved increased to 61.4% from 59.1% in September. The average contractual life lengthened to 207 months from 204 months in September. 99.3% of loans 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 90.8% of new loans approved, compared with 89.2% in September. Loans granted at more than 2% below the best lending rate represented 64.6% of new loans approved.

The amount of outstanding mortgage loans edged up by 0.1% in October. The 3-month moving average growth rate (annualised) of outstanding loans increased to 1.9% from 1.2% in the 3 months to September.

The loan delinquency ratio (measured by the ratio of mortgage loans overdue for more

than 3 months to total outstanding mortgage loans) increased to 1.31% in October from 1.28% in September.

"Based on the latest data, about two thirds of new mortgage loans are now being granted at more than 2% below the best lending rate," said Mr. David Carse, Deputy Chief Executive of the HKMA. "While the easing in funding costs has helped to reduce the impact on lending margins, banks should assess carefully the implications for their profitability should funding costs rise. Moreover, the loan delinquency ratio continues to creep up. This also needs to be kept in view."

Gross loans made for the purchase of properties in Mainland China increased to HK\$79 million from HK\$23 million in September. The amount of outstanding loans decreased by HK\$77 million to HK\$6.1 billion in October.

## LAND REGISTRY STATISTICS FOR NOVEMBER 2000 RELEASED

The Land Registry received in November 6,348 sale and purchase agreements on residential and non-residential building units, representing a decrease of 16.1% from October 2000 and an increase of 10.1% over November 1999 respectively.

The total consideration of these agreements in November was about \$14.7 billion, down 27.4% and 5.8% when compared with the amounts in October 2000 and November 1999 respectively.

The figures are contained in the monthly statistics released today (December 5) by

## Held to RANSOM

John B Molloy, LLB(Hons), BSc(Hons), FHKIS, FRICS, FInstCES, MCI Arb, RPS(QS)

A question for all of you who work for contractors. How often have you been discussing an extension of time claim with the Architect or the Engineer and been told that they are willing to grant you the extension of time that you have claimed provided you agree in writing that you will not claim any associated costs of prolongation? Similarly, how often has a sub-contractor refused to carry out disputed works until you agree that such works are a variation necessitating valuation?

Both scenarios are remarkably common and contractors generally provide such agreements, even though they may privately feel that they have been held to ransom.

Is this just part of the fair negotiation process? Are the 'agreements' reached, either not to claim prolongation costs or that certain works are a variation to be valued, valid and binding?

Well very often such agreements are not binding because they lack consideration. Consideration is one of the necessary ingredients for a promise to become a binding agreement. It is the other half of the bargain or as defined in **Dunlop Pneumatic Tyre Co Ltd v Selfridge and Co Ltd [1915] AC847** 'the price for which the promise of the other is bought'.

Therefore a mere promise by the contractor (say) not to claim prolongation costs if an

extension of time is granted is not a binding agreement because the Architect or the Engineer has not 'paid a price' for the promise. In this respect, the granting of the extension of time is not a price because it is a contractual entitlement.

However, sometimes there is consideration present or sometimes the agreement is formalised and executed under seal (negating the need for consideration). In such cases it would normally be considered that the agreement would be binding.

But now the case of **Carillion Construction Ltd v. Felix UK Limited (TCC 6 November 2000)** appears to raise doubts as to the validity of such an agreement.

Carillion was the main contractor for the construction of an office building and they had sub-contracted the manufacture and supply of the cladding panels to Felix UK Ltd. Felix commenced work in September 1998.

As is very common on construction projects, disputes arose during the carrying out of the works as to whether instructions given were variations which entitled Felix to additional payment, or whether they were part of the original sub-contract works.

In particular, Felix argued that an instruction regarding low-level panels was a variation and claimed payment of an additional £14,160. Carillion took the view that the

work was part of the original sub-contract works. Felix refused to carry out the work until Carillion had agreed in writing to pay this additional amount. Carillion felt that it had no alternative but to agree because no ground floor cladding had been delivered and the project was at a crucial point.

Further, by the end of 1999, there were significant delays to the delivery of cladding units. Felix's quantity surveyor, following a similar approach to that he had previously adopted for the low-level panels, indicated that further delivery of materials would be dependent upon agreement of the final account and in particular dependent upon Carillion's agreement to various disputed variation orders. Carillion considered this to be a serious threat because if the project completion date were not achieved, it would be liable to the employer for liquidated and ascertained damages of £75,000 per week.

By the end of February, Carillion was still waiting for deliveries and subsequent trades were being held up, and it was coming under pressure from the employer. Carillion and Felix met to discuss the final account and after much argument and discussion Carillion agreed a final contract sum of £3.2 million, which was the full amount being claimed by Felix. This agreement was incorporated into a Settlement Agreement which was executed under seal (thus negating the need for consideration). The

the Land Registry on deeds relating to property transactions received for registration in the Urban and New Territories Land Registries in November 2000.

These statistics generally relate to land transactions executed up to four weeks prior to their submission for registration as there is usually a time lag between the execution of deeds and their lodgement for registration.

### TWENTY-FOUR APPLICATIONS FOR PRE-SALE CONSENTS

The Lands Department was processing 24 applications for pre-sale consents concerning residential and commercial developments in November 2000.

At the end of November, there were 20 applications for pre-sale consents involving a total of 10,967 residential units throughout the territory. The residential units are expected to be completed between December 2000 and June 2003.

In addition, there were four applications for pre-sale consents concerning commercial developments in Kowloon.

At the end of last month, two applications for consents to assign were being processed for two residential projects involving 3,705 units in Kowloon.

The Lands Department did not issue any pre-sale consents last month.

### FULL GOVERNMENT GAZETTE ON INTERNET

The Government Printer announced on 7 December 2000 that the full bilingual set of the Government Gazette would be available for viewing on the Internet from noon, 8 December.

The Government Gazette, first produced 159 years ago, is normally published on a Friday in seven parts consisting of Ordinances, Regulations, Bills, periodical lists of professionals and institutions and Public Notices such as trade mark registrations, companies winding up, bankruptcies, transfers of business, etc. In addition, Gazette Extraordinary is published when there is a special need on a day other than Friday.

The eGazette with its Legal Supplements, Special Supplement No.5 and Gazette Extraordinary were first launched on May 19. The Supplement No.6 was launched on November 3, followed by the final launching of the Special Supplement No.4 on December 8.

Since the launching of the Government Gazette, the number of visitors to the website increased from about 6,000 in April to nearly 60,000 in November this year. The eGazette is an initiative to enhance access to public information.

The website of the Government Gazette can be accessed at <http://www.info.gov.hk/pd/egazette>

### BUILDING PLANS APPROVED IN OCTOBER 2000

The Buildings Department approved 21 building plans in October - four on Hong Kong Island, four in Kowloon and 13 in the New Territories. The approved plans covered four for apartment and apartment/commercial developments, four for commercial developments, one for factory and industrial developments, and 12 for community services developments.

In the same month, consent was given for works to start on 22 building projects, which will provide on completion 287,134 square metres of usable domestic floor area and 106,318 square metres of usable non-domestic floor area.

The department also issued 16 occupation permits - six on Hong Kong Island, six in Kowloon and four in the New Territories.

Of the buildings certified for occupation, the usable floor areas for domestic and non-domestic uses were 179,046 square metres and 10,506 square metres respectively.

The declared cost of the new buildings completed in October totalled about \$3.389 billion.

In addition, nine demolition consents involving nine buildings and structures were issued.

The department received 1,431 complaints against unauthorised building works in October, and issued 227 removal orders on unauthorised works. ■



agreement stated that the final account was £3.2m in respect of "any actual or potential claims of either party arising from the sub-contract and was in full and final settlement of those claims".

Carillion, however, expressed its displeasure at having been compelled to enter into such an agreement.

After the final delivery was made, Carillion reverted to the original sub-contract, and commenced proceedings seeking to have the Settlement Agreement rescinded on the grounds of economic duress.

The court considered this case having regard to the principles necessary to establish duress. These are set out in **DSND Subsea Ltd v Petroleum Geo-Services ASA and PGS Offshore Technology AS, [2000] 37 BLISS 8**, and are to the effect that there must be pressure whose practical effect is that there is a lack of practical choice for the victim. The pressure must be illegitimate and it must be a significant cause in inducing the victim to enter into the contract.

On the evidence available the court held that:

- Felix had indeed made threats about the deliveries unless the final account was agreed.
- The threat was clearly illegitimate and without justification in that it was a threat to commit a clear breach of contract. Felix made its threat at a time when it knew that there were a number of trades dependent upon the supply of the materials.
- Carillion had no practical alternative to submitting to Felix's threats. Felix argued that it could have explored other avenues, for example, threatening or commencing adjudication. However, as it was impossible to say whether the court would have granted an injunction against Felix and because of the time scale involved, the court considered that it would not have been a reasonable course to take. Adjudication would have taken six weeks, and Carillion could not wait that long.

Accordingly, the court concluded that there was economic duress and it set aside the Settlement Agreement leaving the final account to be settled in accordance with the terms of the sub-contract.

This case should be a salutary lesson for those who may be tempted to overstep the mark when negotiating with another party from a position of overwhelming strength. ■

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### COURSE 6

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#### Open Evening

Talk to our tutors at the Hong Kong Convention & Exhibition Centre (Rm 608) on Wednesday 21st February 2001 from 6:30pm to 9:00pm.  
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# HKIS SURVEYORS ANNUAL DINNER 2000

The Annual Dinner of The Hong Kong Institute of Surveyors was held on 17th December 2000 at the Regent Hotel, Tsimshatsui, Kowloon. We were pleased to have invited Dr Cheng Hon-kwan, Chairman of the Hong Kong Housing Authority, as our Guest of Honour. In addition to the honoured guests from the government, professional bodies and universities, this year we also welcomed guests from the RICS, Sussex Branch, Renmin University and Tsinghua University of China.

More than 700 guests and members attended the event. We would like to thank them for their support and look forward to their continuing support in the coming year. Photographs taken during the evening are available for viewing at the HKIS office and copies may be ordered direct from the photographer's studio. Any member(s) who have comments or suggestions on the Annual Dinner may forward them for the attention of the Chairman, Annual Dinner Organising Committee.



1. The guest of honour Dr Cheng Hon-kwan receives a souvenir from the President, Mr Francis Ng



2. The President addresses the audience



3. The office bearers (from left to right) Hon. Treasurer, Mr Edwin Tang, Hon. Secretary, Mr Albert So, Junior Vice-President, Mr Chan Hak, President, Mr Francis Ng and Senior Vice-President, Mr Stephen Liu, raise a toast to the guests and members



4. The master of ceremony, Miss Winnie Shiu (3<sup>rd</sup> left) with the Chairman of RICS Sussex Branch, Mr Andrew Mackay (1<sup>st</sup> left), HKIS Past President, Mr Michael Mann (2<sup>nd</sup> left) and Mr Edward Borrill of RICS Sussex Branch (far right)



5. The Junior Vice-President, Mr Chan Hak (first left), chairman of the Annual Dinner Organising Committee with the performers (from left to right) Miss S Eva Chan and Miss Shirely Yeung who gave a piano performance (duet) and classical singing from Mr Albert Hui



7. The President (2<sup>nd</sup> left) and Mr Lawrence Poon (Hon. Secretary, GPD) (far right) with guests from the Renmin University and Tsinghua University



6. Members and their guests



8. Members and their guests