

LCQ18: "Smart Tender" building rehabilitation facilitating services

Following is a question by the Hon Yung Hoi-yan and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (February 20):

Question:

The Urban Renewal Authority (URA) has implemented the "Smart Tender" building rehabilitation facilitating services since May 2016, with an aim to provide technical support to property owners/Owners' Corporations (OCs) of private buildings in respect of building maintenance and help reduce the chance of bid-rigging by works contractors. In this connection, will the Government inform this Council:

(1) whether it knows the respective numbers of complaints and reports in respect of suspected bid-rigging activities in building rehabilitation works received last year by URA from property owners/OCs participating in "Smart Tender" (with a breakdown by District Council district) and, among such complaints and reports, the respective numbers of cases referred to law enforcement agencies for follow-up; the respective numbers of cases in which the persons concerned were prosecuted and convicted, as well as the penalties generally imposed and the maximum penalty imposed on the convicted persons;

(2) whether it knows the respective numbers of applications received and approved by URA since the launch of "Smart Tender", as well as the average processing time of the approved applications; among the approved applications, the respective numbers of cases in which the building rehabilitation works have (i) commenced and (ii) been completed and, in respect of the completed cases, the average and the longest time spent on providing services under "Smart Tender" to such cases;

(3) whether it knows if URA has estimated (i) the average number of applications for participating in "Smart Tender" to be received, and (ii) the average manpower and expenditure required for implementing "Smart Tender", in each of the coming three years; whether URA will consider recruiting additional manpower to strengthen the services; and

(4) as some property owners/members of the management committees of the OCs participating in "Smart Tender" have indicated that (i) the various arrangements under "Smart Tender" (e.g. engagement of independent professional, and preparation of inspection reports and tender documents by Authorised Person/Registered Inspector) are time-consuming, and (ii) due to their old age and lack of professional knowledge, it may not be easy for them to understand the advice given by independent professionals on building rehabilitation works, whether the Government knows the measures URA has put in place to improve such situations?

Reply:

President,

The Urban Renewal Authority (URA) has launched the "Smart Tender" building rehabilitation facilitation services scheme in May 2016 with a view to assisting owners in adopting good practices in undertaking building repair and maintenance projects and crowding out the opportunity for bid-rigging syndicates to interfere with the fair operation of the market during the process. "Smart Tender" provides property owners with a series of technical assistance and information to facilitate owners to deliberate and decide on the employment of contractors. Services provided by "Smart Tender" include:

- (a) a "DIY tool-kit" to provide guidelines in organising maintenance works;
- (b) technical advice and cost estimate of the works offered by an independent third-party advisor; and
- (c) an electronic tendering platform for recruiting contractors.

To encourage more property owners to join "Smart Tender", the Government has earmarked \$300 million to enable owners of private buildings to participate in "Smart Tender" at a concessionary rate, and has launched the concessionary scheme in partnership with the URA since October 3, 2017.

In consultation with the URA, the Development Bureau provides a reply to the question as follows:

(1) The URA has not received any complaints or reports from property owners or owner corporations joining "Smart Tender" on the suspected bid-rigging activities since the launch of "Smart Tender".

(2) Since the launch of "Smart Tender" up to January 31, 2019, the URA has received about 700 applications of which some 570 were approved; some 40 were withdrawn by the applicants themselves and some 90 were being processed. The URA advised that the average processing time of an application is about two months, subject to the time required for owners to provide relevant information (e.g. meeting minutes of owners' general meeting).

"Smart Tender" aims to provide assistance to owners in engaging contractors. The service covers the period from owners' engagement of consultants to owners' selection of contractors by convening owners' general meeting. Of the completed cases, the average period of service is 21 months with 24 months being the longest case. Currently, owners of seven applications have already convened owners' general meetings to engage their contractors of which two applications have completed the required building rehabilitation works.

(3) The URA has been actively promoting "Smart Tender". Specifically, all buildings joining the "Operational Building Bright 2.0" and "Fire Safety Improvement Scheme" are mandated to join "Smart Tender". The number of buildings joining "Smart Tender" is subject to considerations such as whether owners are willing to carry out the building rehabilitation for their

buildings, etc, and that the URA is unable to forecast the number of applications for "Smart Tender" in the future. The URA is responsible for the administration of "Smart Tender" as well as the necessary manpower resources and expenditures. The URA indicated that they have adequate manpower and resources to handle "Smart Tender" at present, and they will timely review the relevant requirement.

(4) As mentioned above, "Smart Tender" seeks mainly to provide assistance to owners in engagement of contractors. Therefore, preparation of inspection report and tender documents by Authorised Person or Registered Inspector are the responsibilities of owners and are outside the scope of service under "Smart Tender". Nonetheless, the URA will provide advice to the relevant tasks.

Specifically, the general public may lack the relevant knowledge on engagement of contractors and building rehabilitation, the URA will assign case officer to all buildings joining "Smart Tender" to render assistance including explaining to owners and members of owners' corporations the reports on cost estimates and tendering documents prepared by the independent advisor assigned by the URA.