

Surveying **news**

Volume 9 Issue 5,
June 2000



Message from the President

Mr Francis Ng

The major event before the Easter holiday was the 'Year 2000 Mainland and Hong Kong Conference on Urban Construction and the Environment' held in Chongqing. Preparation work started almost immediately after the conference held last year. As HKIS and HKIP were appointed as the two main co-organisers on the Hong Kong side, the president together with a representative from the HKSAR Works Bureau had to attend meetings in Beijing in October and December respectively with a view to sort out details. Organising Committee and Paper Selection Committee were subsequently formed. In the ensuing months, quite a number of meetings were held to formulate procedures, printing of documents, booking of tickets/trips/hotels, designing and ordering souvenirs, etc.

Registration started at 8:30 a.m. on 12th April (Wednesday). Prior to the opening ceremony, major representatives from the Works Bureau and co-organisers were briefed by the Mayor of Chongqing. The talk was on the proposed development in the Western part of China which received much publicity in recent months. There was virtually no time for exchange of ideas in view of the very tight schedule, HKIS input, 15-page newspaper extracts as kindly provided by Mr. Alex Lam

of DTZ Debenham Tie Leung, was handed to the Mayor's secretary before they left.

The ceremony formally got started at around 9:30 a.m. with opening speeches by Messrs. Ye Rutang (葉如棠, Vice Minister of the Ministry of Construction, PRC) and Lee Shing See (李承仕, Secretary of Works, HKSAR). Plenary session was arranged for the whole morning on talks about urban infrastructure construction, outlook on urban renewal in Hong Kong, promoting demand for accommodation and land disposal methods.

For meetings in the afternoon and the following day, group discussion sessions were arranged so that delegates could have a choice on those topics they wished to participate. Major topics

The President, Mr Francis Ng, as Chairman of a Morning Session, presented a souvenir to Mr Luo Zhan Sheung, Deputy Chief, Construction Committee, Hunan Province



In This Issue

Message from the President

1

News from the Divisions

Building Surveying Division

3

General Practice Division

4

Land Surveying Division

5

Quantity Surveying Division

6

Membership

7

Message from the Secretariat

8

Student's Corner

9

Briefing from LegCo

14

Government Briefing

14

Feature

16

Leisure

18

Surveying

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 1999/2000

President	Francis Ng - 吳哲廣 FHKIS, FRICS, ACI Arb, RPS (GP)
Senior Vice-President	Stephen Liu - 廖凌康 FHKIS, FRICS, ACI Arb, RPS (QS)
Junior Vice-President	Hak Chan - 陳克 FHKIS, FRICS
Honorary Secretary	Albert So - 蘇振顯 BSc, FHKIS, FRICS, FCIH, FHKIH, RPS (GP)
Honorary Treasurer	Edwin Tang - 鄧海坤 FHKIS, ARICS
Immediate Past President	Samson Wong - 黃山 FHKIS, FRICS, ACI Arb, AP, RPS (BS)
Chairman, Building Surveying Division	Richard K. H. Cheung - 張國豪 FHKIS, ARICS, ACI Arb, RPS (BS)
Chairman, General Practice Division	Tony Tse - 謝偉詮 FHKIS, FRICS, RPS (GP)
Chairman, Land Surveying Division	C. H. Wong - 黃仲衡 FHKIS, FRICS, ACI Arb, AMBCS
Chairman, Quantity Surveying Division	T. T. Cheung - 張達榮 BSc (Hons), MSc (Arch), FHKIS, FRICS, RPS (QS)
Chairman, Junior Organisation	Y. C. Chan - 陳宇俊 PgDip(IHO Cat. A), AHKIS, ARICS, RPS (LS), MRIN

SECRETARIAT

Secretary-General	Gordon M. Y. Ng - 吳文仁 AHKIS, ARICS, RPS (GP)
-------------------	---

EDITORIAL BOARD 1999/2000

Hon. Editor	Kenneth Chan - 陳佐堅
BSD rep.	S. M. Lo - 盧兆明
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

No part of this newsletter may be reproduced without the permission of the Institute. Contents of the newsletter do not necessarily reflect the views or opinions of the Hong Kong Institute of Surveyors and no liability is accepted in relation thereto.

Advertising

All advertisements and small ads are welcome. SURVEYING is reaching over 5,200 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
香港測量師學會

Suite 510, Jardine House, Central, Hong Kong.
Tel: 2526 3679 Fax: 2868 4612
<http://www.hkis.org.hk>

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



The President, Mr Francis Ng (1st from left), Secretary for Works, Works Bureau, HKSAR, Mr Lee Shing See (3rd from left) and Vice Minister, Ministry of Construction, Mr Ye Rutang (3rd from right) in the Opening of the Conference

included urban construction and planning; construction design; housing and property development and property management.

Regarding attendance, there were 170 delegates from Hong Kong and 80 from the mainland. As much as 68 papers were selected. However, in view of the time limit, only 30 representatives were given a chance to present their papers. Should members wish to study these papers, a few volumes are being kept in the HKIS library for reference purposes.

In view of the great success of the present and previous annual conferences (two held in Beijing, one in Tsingtao), I would expect to have regular conference with the MOC in the years to come. Should members wish to contribute a paper or express views on a specific topic, it is probably the right time to plan ahead.

Before ending, a special word of thanks to our Secretary General, Mr. Gordon Ng and the secretariat staff together with colleagues from HKCA and HKIP. Everything turned out to be fine in the whole process. I am sure they are much relieved after boarding the plane back to Hong Kong.

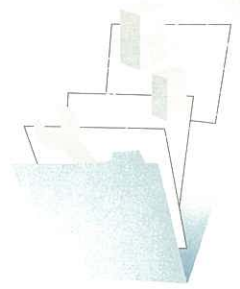
P.S.

Making use of the trip to Chongqing, I had tried as far as possible to gather information

about this major city and some popular tourist spots. An article will be published in the leisure column this month and July.

Consultation paper on the 'Sale Descriptions of Uncompleted Residential Property Bill' was published in early April. A working group is being formed with representatives from various divisions. A formal reply will be sent to the Housing Bureau before 7th July 2000.

As members are aware, we have a regular column in the HK Economic Journal promoting the role of our profession. In the past year or so, Mr S C Leung, has kindly provided adequate information for the media. However, input from individual members are somewhat limited. There comes a point in which Mr Leung may run out of words. As the column is provided free of charge, I hope we can make good use of the opportunity in introducing our work or services. Members who wish to write an article(s) are requested to have a word with Mr Leung at tel.: 2690 3186 to agree a suitable topic. Such publication is subject to the endorsement of the HKIS Editorial Board. ☑



Building Surveying Division

Nelson Ho, Hon. Secretary

PR ACTIVITY

The Building Surveying Division is full of events in May. Our Chairman, Richard, and spokesman Mr David Chan with other members of the BSD met with the media on 3 May 2000 to introduce the BS profession. This PR effort is hopefully to be a good start for promoting the profession.

SOCIAL EVENT

The social event you should not miss is the racing day to be held on 25 June 2000. Please be reminded that you can bring your spouse or boy/ girl friend with you.

REVIEW OF EDUCATION AND APC

Young members had raised some queries about the training and assessment arrangements of the Division. The Chairman directed that a working group be set up to review education and APC. The working group would study the usefulness of the diary and the role of supervisors as raised by the Board of Education. Dr S. M. Lo had led the first meeting on 26 April. Comments are welcome from members.

TECHNICAL ADVISORY PANEL

The TAP had also commented on a whole lot of consultations, namely, the Code of Practice for Safety and Health at Works for Gas Welding and Flame Cutting, Draft PNAP 168 - Registration of Slope and Retaining Walls, Draft PNAP 172 - Energy Efficiency of Buildings, Appendix to PNAP 173 Guidance Notes on Design and Construction of RC Cantilevered Projecting Structures, and etc.

THE FOURTEENTH BS CONFERENCE

Lastly, please mark your diary for this year's BS Conference which is to be held on 14 October 2000 at the Marriott Hotel. The Preparation Committee under the leadership of your Chairman is working out the theme and details of this year's conference. Please watch out for details and do not miss the event.

建築工程設計的監督和管理

以下的文章轉載自《2000內地與香港城市建設與環境研討會論文集》，王素卿女士(建設部勘察設計司副司長)有關「建築工程設計的監督和管理」的說明，供會員參考。

《建設工程質量管理條例》已於今年1月30日由國務院總理簽發施行。該條例首次對建設工程有關各方主體的則質和義務、建設工程的保修、監督和處罰作了具體、詳實的規定，也是政府部門依法行使質量監督的法律依據。依據有關的法律、法規，結合內地具體情況，借鑒香港和一些發達國家的有益經驗，我們已逐步建立起以下四個層次為主要內容的設計則量監督管理體系。

督促設計單位建立健全質量保證體系

本著“誰設計，誰負責”這一國際公認的基本質量責任，設計單位對工程設計的質量承擔經濟和法律責任，設計文件(成果)不得違反強制性標準、規範。設計單位建立健全運行有效的內部質量保證體系是保證設計質量的關鍵。單位內部是否建立質量保證體系已成為設計單位申請取得設計資格或升級必須具備的條件之一，也是政府管理部門對設計單位進行資格年檢的重要內容之一。近幾年來政府提倡在設計單位推行國際標準化組織質量標準ISO9000認證，取得很好效果。

建立設計諮詢制度

對設計單位提交的設計文件，由業主自願聘請第三方設計諮詢單位對其設計成果進行諮詢評

估，對其技術、經濟等方面的可行性進行論證；對設計方案進行優化，提高投資效益；對結構設計進行復核，保障工程項目的安全可靠。我們目前正在發展設計諮詢的試點工作，相信通過設計諮詢工作的開展，對提高設計質量和水平會起到積極的促進作用。

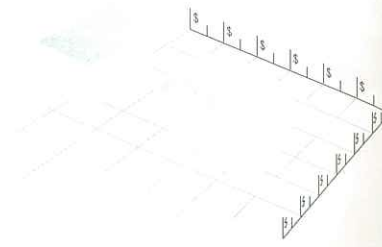
建立施工圖設計文件審查制度

《建設工程質量管理條例》第十一條規定“建設單位應當將施工圖設計文件報縣級以上人民政府建設行政主管部門或者其他有關部門審查……”。根據該條例，以結構安全和強制性標準、規範執行情況為主要審查內容的施工設計文件審查工作將在各地全面啟動。與業主自願進行的設計諮詢不同的是，施工圖設計文件審查作為政府對設計則量監督的主要方式屬強制性審查，施工圖設計文件未經審查或審查不合格不能交付施工。為具體指導各地開展施工圖審查工作，建設部於今年2月下發了《建築工程施工圖設計文件審查暫行辦法》，該辦法對審查機構的條件、審查程序、審查內容和審查機構的相應責任等都作出了規定。

建立工程設計保險制度

設計質量保險是以社會力量來分擔設計人員因設計失誤和疏忽造成的工程質量損失，在發達國家普遍採用。我們正在北京、上海、深圳三個城市試行設計保險制度的試點。試點城市正在對保險制度建立過程中的有關問題進行探討，如承保的對象和範圍、承保的方式、險種的選擇、運作方式等，取得經驗後再在全行業推廣。建立設計質量保險制度，有利於行業改革，完善市場監督制度，同時強化設計單位和執業人員的法律責任，對設計單位和設計人員積極採用新技術，促進技術進步和設計創新都會起到積極的促進作用。

設計競賽和設計評優也是繁榮創作，提高設計質量和水平的重要手段，每隔兩三年政府委托行業協會組織一次全國性的勘察設計單位的評優活動，以引導設計的創新和水平的提高。□



GENERAL PRACTICE DIVISION

Tony Tse, Chairman

SALES DESCRIPTIONS OF UNCOMPLETED RESIDENTIAL PROPERTIES BILL

On 7 April 2000, the Government published the above-said Bill. As the Bill will be affecting the works of quite a number of surveyors, in particular the General Practice Surveyors, the Divisional Council directed that a Working Group be set up to study the Bill and to prepare a submission for the Institute's consideration and to submit it to the Government. Mr. K. L. Leung, Council Member of General Practice Division, has been appointed as the Convenor and a number of members have joined the Working Group. Therefore, any members who have comments on the Bill are welcome to contact Mr. Leung (Tel : 2908 8819; Fax : 2523 3286). As the deadline for the submission is approaching please ensure your comments reach Mr. Leung as soon as possible.

LANDS DEPARTMENT VALUATION ASSESSMENT SYSTEM AND PROCEDURE

In the past months, there have been discussions with the Lands Department about the existing system relating to valuation assessments, including appeals for lease modification or land exchange. Suggestions have been put forward for improvements in the openness and transparency relating to the disclosure of valuation data, comparables and other factors adopted by the Lands Department in their premium assessments. We are pleased to note that, at present, the Lands Department allows private practice surveyors to make representations at the Valuation Committee/Conference on behalf of their clients. It is however, hoped that more effort could be made to encourage two-way exchange of valuation data and opinions. The Lands Department would have no principle objection to greater disclosure of their valuation data and the Valuation Committee has been requested to be more relaxed in permitting representations.

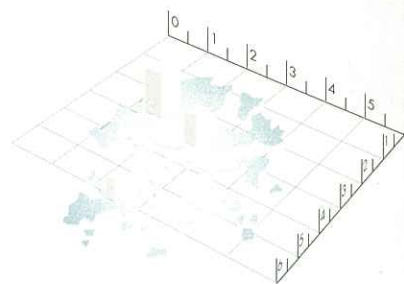
Any members who have comments or suggestions relating to the issue are welcome to contact your Council Members.

HONG KONG REAL ESTATE SERVICES EXPO, BEIJING

Following the success of the Expo held in Shanghai in January 2000, the Hong Kong Trade Development Council is organizing another Hong Kong Real Estate Services Expo to be held on 16-18 November 2000 in Beijing. HKIS is one of the co-organizers. As it would be a good opportunity for the Institute to promote services provided by surveyors, a Working Group comprised of the following membership has been set up to look after issues including delegates visits, conference (both topics and speakers), design of the Institute booth etc. Any member who would like to join the Working Group are most welcomed.

Working Group Membership :

Name	Tel No.	Fax No.
Mr. Tony Tse	2835 6626	2893 5937
Mr. Alex Lam	2507 0577	2869 7372
Mr. Jonathan Li	2288 7729	2865 3851
Mr. Charles Chan	2840 1177	2840 0600
Mr. William Wong	2842 4306	2854 9102
Mr. Samuel Young	2842 4578	2530 0756
Ms. Serena Lau	2730 6212	2736 9284
Mr. Anthony Man	2830 3500	2576 0416
Ms. Belinda Ng	2835 6517	2893 5937



LAND SURVEYING DIVISION

CORPORATISATION OF THE SURVEY AND MAPPING OFFICE OF THE LANDS DEPARTMENT

WONG Chung-hang, Chairman

The Report on Feasibility of Corporatisation of SMO has been received from the Secretary for Planning and Lands. The Institute has set up a Working Group to study the Report. Members of the Working Group are:

Messrs	Ian Wootten (Chairman)
	Lam Li-wah
	Henry Chan
	Paul Ng
	Eric Tang
	Law Kai-chung
	Conrad Tang
	Marvin Chau
	Lesley Lam

The Terms of Reference are :

1. To assess the effects that the corporatisation of SMO would have on the provision of land surveying services to the community; and
2. To comment on the recommendations as set out in the Report on Feasibility of Corporatisation of SMO.

All members of the Institute are encouraged to express their views to the Working Group.

INTERNATIONAL IT CONFERENCE ON GEO-SPATIAL EDUCATION

6 - 8 JULY 2000

HONG KONG CONVENTION AND EXHIBITION CENTRE

Hosted by The Department of Land Surveying and Geo-Informatics, The Hong Kong Polytechnic University

Keynote speakers

- Prof. David Rhind
Vice-Chancellor, City University, London, former Director General

and Chief Executive of Ordnance Survey of Great Britain

- Prof. Kai-ming Cheng
Chair Professor of Education and Pro-Vice-Chancellor, The University of Hong Kong
- Mr. Wing-ching Shih
Managing Director, Centaline Property Agency Limited

Paper Presentation Sessions

- Primary, secondary and tertiary education issues
- Geospatial and geomatics education
- GIS education
- Teaching methodologies and media
- Workplace and technology transfer

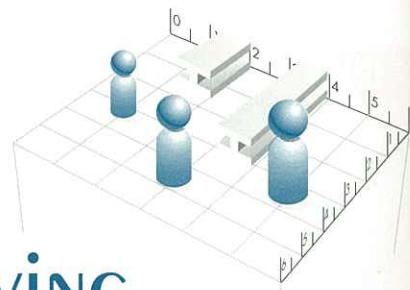
Workshop Topics

- Developing a Virtual World for Classroom Teaching
- A Quantitative Approach to Transport Networking Studies
- Hong Kong Digital Map Data - Structure & Applications
- Electronic Maps in Primary Schools
- Spatial Data Collection Using Satellite Positioning Technology
- Understanding Spatial Information Technology
- Internet and Web-based GIS

Conference Registration & Enquiry

Miss Berlina HO
Department of Land Surveying
& Geo-Informatics

Fax: (852) 2330 2994
Email: lsitcgse@polyu.edu.hk
Web site: <http://www.lsgi.polyu.edu.hk/itcgse2000> 



QUANTITY SURVEYING Division

TT Cheung, Chairman

2000 內地與香港城市建設 與環境研討會

(2000 Mainland and Hong Kong
Conference on Urban Construction
and the Environment)

土地測量組主席：黃仲衡先生

是次會議於2000年4月12日至14日在重慶舉行。香港論文一共有47份，大會安排其中的15份可以在場發表。我很榮幸可以代表香港測量師學會發表了我就香港測繪處的土地信息系統所寫的一編論文。

論文內容包括香港土地信息系統的發展史和其中三個主要操作系統的功能。論文亦提及到數碼地圖和地界資料的使用。更值得參與會議人士去探討的，是測繪處土地信息系統的成功及對其他地理資訊系統，設施管理系統和工程設計系統的貢獻。例如高速公路和鐵路的計劃，都採用了土地信息系統的數碼地形圖和地籍資料，來進行工程設計和收回土地等工作。如果沒有測繪處早期的投資，把紙地圖和地籍圖轉換為數碼數據，許多1997年香港回歸後的大型基建工程，都無法在短期內完成研究和進行施工。

互聯網上的使用地圖來傳遞資訊，更加是發展得一日千里。我也講述了網上圖和網上地理資訊系統的使用和未來發展方向。全編論文將會在下期的HKS刊登。☐

2001 INTERNATIONAL COST CONFERENCE

The organizing committee comprising TT Cheung, Nelson Cheng, Anita Liu and Jacob Lam went to Beijing on 12th May 2000 to have the first co-ordination meeting with the China counterpart to discuss in details the framework of the 2001 International Cost Conference. It was agreed that the conference would be held in May 2001 in Beijing with target audience from all over China and invited overseas parties including HKIS, RICS, PAQS, ICEC, FIG and MACostE. Papers for the conference will be invited in due course.

INTERNATIONAL COMMITTEE

The next PAQS Congress will be held in Cairns, Australia in June 2000. Ms Ellen Lau, Dr Anita Liu and Dr Derek Drew will be representing HKIS to attend the Conference and to present 2 papers. We will again discuss the adoption of a common competency standard and the joint university accreditation schemes. The first issue is in principle agreeable while the latter is not accepted by HKIS, SISV and ISM, as we opined that university accreditation should be left to the discretion of member countries taking into consideration member countries' own requirements and needs.

WELCOMING GATHERING WITH THE NEWLY QUALIFIED QSs

The second welcoming gathering with the newly qualified QSs was held on 28th April 2000. It was a happy, cosy and friendly night despite the heavy rain. I am happy to see young surveyors beginning to understand more about institutional affairs, and hope that they will participate in our activities in the future. It is very important to ensure that this link is continued in the future in order

for us to solicit young surveyors' views on various issues that are affecting our profession.

REVISED SMM, STANDARD FORM OF BUILDING CONTRACT AND DIRECT PROFESSIONAL ACCESS TO BARRISTERS

These important tasks are progressing smoothly, though slowly, in the direction set forth by the previous QSD Councils. We hope that these important new documents would be available before the end of this year.

INDEPENDENT ROLE OF QS IN INFRASTRUCTURE

The Works Bureau commissioned an independent consultant to review the government's General Conditions of Contract in early 1998 on the allocation and management of risk, when the HKIS took the initiative of presenting our arguments for the matter and proposed for an independent QS role to be written into the standard conditions. The report is now available from the Works Bureau for review. Our sub-committee headed by Mr. P.C. Lau will examine the report and put our views together to the Works Bureau in due course. Members who are interested please contact QSD secretary, Mr. Nelson Cheng for a copy of the report.

QSD APC FINAL ASSESSMENT 2000

The Autumn 2000 session of the APC Final Assessment in Quantity Surveying Division will take place on Saturday, 23rd & Sunday, 24th September 2000. Applications for the Final Assessment are available for collection from the HKIS office and must be returned to the Institute no later than 5:30pm, Thursday, 15 June 2000. ☐



TECHNICAL MEMBERSHIP Q&A SECTION

Mr. Alexander Ho, Chairman, SST Working Group

CPD EVENTS

Mr. Edwin Tsang, the BSD representative in the Working Group, was invited to brief the audience at the beginning of one of the CPD events organized by the BSD in April on the progress of the work being carried out by the Working Group. Briefing sessions in other divisional CPD events are being organized and the audience will be informed in advance.

GENERAL COUNCIL AND DIVISIONAL SUPPORT

Other members of the Working Group and I were invited to the monthly divisional council meetings by the BSD and LSD to brief their council members on the progress of the work being carried out by the Working Group. Views were exchanged on the pros and cons for the formation of the proposed Technical Membership and constructive suggestions and comments were also received.

I have also written to the General Council and other divisions, including the JO, and look forward to meeting them in the near future so that the Working Group could solicit more and different views on the matter.

SURVEY ON THE DEMAND OF TECHNICAL SURVEYORS

There is a typing mistake in the last Q&A Section for the Survey on the Demand of Technical Surveyors. Similar surveys were carried out on all four divisions and the

responses were all very positive towards the creation of the proposed Technical Membership by the Institute and there was also a very big demand for technical surveyors for all sectors of the whole surveying industry.

PRELIMINARY FRAMEWORK FOR THE PROPOSED TECHNICAL MEMBERSHIP

The Working Group has made a study on the matter and would suggest the following framework for the proposed technical membership for the members' consideration/comments:-

1. Entry Academic Qualification - High Certificate Course or above as accredited by the Institute.
2. Rights - The proposed Technical Members will be entitled to enjoy all the facilities provided by the Institute, e.g. CPD events, journals, newsletters, divisional activities, etc. However, they will not be allowed to vote at the General Meetings.
3. Obligations
 - i) The proposed Technical Members will be required to be governed by the Institute's Rules and Conduct.
 - ii) The proposed Technical Members will be required to undertake two years structural training/technical experience.

4. Bridging Facilities - The proposed Technical Members will be allowed to take the APC. A maximum of 1 year of the APC period could be exempted after obtaining a degree from an accredited course by the Institute and undertaking two years structural training/technical experience.

The purpose of laying down the above proposed framework is to provide some groundwork for soliciting views from members and it is the intention of the Working Group to leave a lot of room for improvement/discussion.

OTHER SUPPORTING GROUNDWORK FOR THE PROPOSED TECHNICAL MEMBERS

As suggested by some of the members, should the proposed Technical Membership be successfully created within the Institute, the Working Group would recommend the General Council to push for all the surveying technicians be properly registered, and to lobby the Government for all the registered surveying technicians to become Technical Members of the Institute so that their quality, conduct and competence would be properly monitored and be held responsible for their work under the Institute's Rules and Conduct.

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. ✉



COMMONWEALTH HEADS OF VALUATION AGENCIES CONFERENCE IN VANCOUVER, B.C. CANADA

The President, Mr. Francis Ng had attended, as an observer, the Commonwealth Heads of Valuation Agencies Conference in Vancouver, B.C. Canada between 25 and 28 April 2000. Mr. Ng brought back 11 papers which are kept in the HKIS Library. The titles of the papers are:

Title	Author
The valuer's role and challenges in the privatization of Parks	Stanley W. Hamilton
De-Regulation of the Electrical Industry in Ontario, Canada	Paul Campbell
Resolution of Native Land Claims- Australia	Graeme Addicott and Ian Williams
The Role of Valuers in Privatisation, the Malaysian Experience	Pn. Sumirah Ahmad
UK Experience in Valuation of Public Sector Assets	Tony Prior and Nigel Woods
The Assessors Role of the Valuation of Commercial Airports - Canada	Steve McKenzie
Outsourcing Government Valuation Services - Australia	Jack Dunham
De-Privatisation, a Sri-Lankan Experience	H.R.De Silva
The Transfer of Freehold Title in a National Park - Australia	Peter Cunningham
Changing Role of the Public Valuer, The New Zealand Approach	Warwick Quinn
The Role of Privatization in Assessment- Does it Truly Work? - Canada	Nigel Atkin

You are most welcome to visit the library to read these papers. ☞

SURVEYORS LUNCH

The second HKIS Surveyors Lunch for the year was held on 10th May 2000, at the HK Convention and Exhibition Centre. Mr Daniel C Lam, Chairman of the Buildings Committee, Hong Kong Housing Authority and senior member of the HKIS, was the Guest of Honour. A speech on "Quality Housing - Problems, Liabilities and Solutions" was well received by members and guests. ☞

HKIS SURVEYORS ANNUAL DINNER 2000

will be held at
The Regent Hotel, Tsimshatsui, Kowloon
on
Friday, 17th November 2000

Guest of Honour

Hon. Rosanna Wong Yick-ming, JP
Chairperson, Hong Kong Housing Authority

Please mark your diary and watch out for further details in the newsletter.

RESULTS OF "A GOOD GUESS"

We are pleased to announce the winner of last month's test "A Good Guess", Mr Mak Chi Keung, Student member (B), no. 82556. The Secretariat Office will notify Mr Mak for the collection of the prize.

The answers to the test are:-

- (1) Neil Diamond
- (2) 鄧碧雲
- (3) Urmston Road (Chek Lap Kok)
- (4) 躡方步
- (5) \$3.00 1953
- (6) 全國山河一片紅(The whole country is red) 25.11.68
- (7) 海南島, Hainan Dao 35,788km²
台灣島, Taiwan Dao 32,200km²
崇明島, Chongming Dao 1,000km²
- (8) 「梁山伯與祝英台」協奏曲, 何占豪, 陳鋼于1959年, 當時他們還是上海音樂學院的學生。
- (9) 清東陵, 天津市郊
- (10) 北京(西)市郊, 盧溝橋 ☞



Guest speaker Mr Daniel Lam receives a souvenir from the President, Mr Francis Ng.



QSD APC 1999

ASSESSORS COMMENTS

The 1999 Autumn APC took the same format as that of the 1998 session where candidates were required to sit for the entire Practice Problem in the examination hall for 2 days (on 20th and 21st September 1999). On the first day of the Test candidates have to answer 2 compulsory questions. On the second day, the candidates were given a choice of answering two out of three questions, one of which was a civil engineering based question. Also as in the past, each paper was assessed by 2 assessors. The paper would be modulated if in a 1 pass and 1 fail situation. All clear pass and modulated pass candidates were requested to attend a professional interview. Candidates must pass Diary, the Prequalification Structural Learning, the Record of Experience, the Practice Problem and the Professional Interview before they are qualified for Corporate Membership of the Institute.

THE PRACTICE PROBLEM

The Practice Problem is not a set of examination questions expecting academic or textbook type answers. It is drafted on the basis of a series of practical problems which may appear in the daily office life and the candidates are expected to come up with considered answers by identifying, analyzing and responding to the questions posed. The process will cause the candidates to exercise professional judgement. As in the past years we note that most failed candidates could

not handle the problems in a professional manner and sometimes even could not identify the underlying issues and/or offer practical answers to the problems posed.

QUESTION 1

Question 1 was divided into 3 parts. Part (a) asked the candidates to prepare a rough indication of cost estimates based on preliminary development data and the cost analysis of a similar project. The first scheme has three 55-storey residential towers and a podium. The second scheme has five 33-storey residential towers and a podium. The candidates were also asked to identify those elements which have a difference in construction cost between the two schemes and with the difference explained.

The objective of Part (a) is to test the candidates' ability in handling basic development data such as site area, plot ratio, site coverage, carpark numbers etc to work out GFA and CFA, to compile a cost estimate for the 33-storey Scheme by using \$/m² unit rates and to compile cost estimate for the 55-storey Scheme by making adjustment to the 33-storey Scheme and to identify and explain the difference in elemental costs between the two schemes as a result of the difference in height of the residential towers.

Candidates should recognise that the 55-storey Scheme is a more expensive option due to the requirement of refuge floors, larger

lift lobbies, higher elemental costs for preliminaries (more vertical travel and higher scaffolding costs), high grade concrete and heavier structural frames, more sophisticated M&E installations, higher speed lifts, etc.

Some common errors found in the answers include :-

- lacking knowledge about dollars per square metre rates for carpark, plantrooms and clubhouse etc.
- failing to differentiate between GFA and CFA.
- failing to allow areas for the driveway, circulation and ramps etc in working out the total carpark area and costs.
- failing to identify that the 55-storey scheme is a more expensive option.

Part (b) asked for a comparison of the advantages and disadvantages of the two schemes. The advantages of the 55-storey scheme include more open space or landscaping area at the podium, more flats at high level which can offer a better view and less caretakers would be required for future management etc. The disadvantages include taking longer and being more expensive to build, less usable floor area for lower floors, higher maintenance costs and a longer waiting time for lifts. These expected answers were just common sense answers.

Part (c) tested the candidates' ability in providing approximate quantities and prices



for assessing the cost effect of the addition of bay windows to the development. The candidates should use approximate quantity method of measurement and composite unit rates and no detailed measurement or adjustment was expected.

QUESTION 2

Question 2 focused on contractual issues. During the construction stage of the pile caps, the quality of concrete for Pile Cap No. CP4 was found to be not in conformity with the specification requirements and the Architect issued an suspension order to the whole of the Works for the investigation of three other pile caps which were casted from the same batch of ready mix concrete for Pile Cap No. CP4. However these three other pile caps were subsequently found to be in compliance with the relevant concrete specification and the Contractor claimed for additional time and cost. The Architect relied on two Special Conditions of Contract clauses which empowered the Architect to issue Instructions to postpone the works if the postponement was rendered necessary for the satisfactory completion of the Works by reason of some defaults on the part of the Contractor.

As a result of suspension orders followed by the replacement of the rusty reinforcement there was a total delay of 6 weeks to the project. The Employer deducted a sum of \$3M as liquidated damages from the interim payment due to the Contractor, without the issue of any non-completion certificate from the Architect.

The Contractor wrote to claim for loss and expense and demanded the release of the \$3M which was being withheld by the Employer and threatened that otherwise legal proceedings would be instituted.

The Architect requested the QS to advise on

the validity of the Contractor's claim and the possibility of the issue of a non-completion certificate in retrospect to justify the withholding of liquidated damages earlier.

Candidates were expected to demonstrate their abilities in identifying the issues and expressing the logic in their approach to the Question. Marks were awarded to their knowledge of the legal/contractual principles, rather than precise details, behind the answer.

Candidates should first deal with the Employer's concern of the Contractor's threat to go to court which, if effected, is very imminent.

The issues with which the candidates should deal include advice with reference to contract provisions that :-

- Liquidated Damages (LD) could not be deducted in the absence of a valid non-completion certificate.
- a deduction in LD could not be validated by a subsequent non-completion certificate.
- the Architect could not validly issue a non-completion certificate without first assessing a prima facie valid Extension of Time (EOT) application.
- the Contractor could go to court despite an arbitration clause in the contract - if the candidates could suggest that non-payment is not a dispute or difference which the parties have agreed to refer to arbitration.
- The applicability of the two Special Conditions of Contract extracted.

Candidates should appreciate the dual requirements under the two Special Conditions of Contract - the existence of

at least some default on the Contractor's part and the existence of a causal link between the default in question and the need to postpone the Works for satisfactory completion of the Works.

Apparently there was no causal link between the suspension and the carrying out of further tests. Even if CP4 were a default, that still would not have necessitated a suspension for the satisfactory completion of the Works. Candidates were expected to discuss this issue.

The candidates should also invite the Architect/Structural Engineer to assess whether a further 2 weeks for removing rusty reinforcement was a reasonable period.

- Candidates were expected to offer practical solutions to the Employer. There may not be sufficient time to conduct a full enquiry, make a proper EOT assessment and to resolve the present impasse with the Contractor. There should be a brief review of the Employer's situation, and say, a quick check as to whether the balance of contract sum is likely to cover the potential LD, if so the Employer has an option (irrespective of the strength of his case) to release the payment withheld either in whole or in part without jeopardizing a subsequent deduction.

Candidates should not assume that the Contractor will necessarily maintain a confrontational approach. Candidates could seek the Employer's approval to contact the Contractor to explore avenues for a more mutually acceptable solution instead of going to court. Either agreeing with the Contractor to allow a further

period for proper assessment of EOT or to the release of LD withheld (in whole or in part) on agreed terms is evidence of the candidate's recognition of the need, in practice, to take on a pro-active role in resolving conflicts rather than adhering to stringent contractual analysis.

In Part (b) of the Question, Candidates were asked to draft a concise reply to the Architect. This part mainly tests the communication/presentation skills of the candidates and the letter should be drafted on the basis of the analysis under Part (a).

Generally most candidates could not fully identify and analyse the issues of the question and prepare considered answers with correct contractual and practical approach. Candidates must demonstrate that they have a basic understanding of the contract, ability to analyse the critical elements of the claim, put forward arguments and counter-arguments under the contract and draw up contractual and practical advice.

QUESTION 3

This question was divided into 5 parts. Part (b) was intended to test the candidates' appreciation of the relationship of component quantities in a building and their ability to look for essential points in contract and in costs. The rest of the question was intended to test the candidates' knowledge of the underlying principles to common practice.

Part (a) asked the candidates to argue for on-default performance bonds against on-demand performance bonds and to argue for the adequacy of a 5% bond.

On-default performance bond is the traditional standard but on-demand bond has become popular especially with major private developers and quasi-governmental corporations. While it may be easy just to follow the Employer's instruction to specify for on-demand bond, the question required the candidates to defend for on-default bond. Candidates generally could point out the higher costs of obtaining on-demand bond.

Few candidates could point out that this may not be just a cost issue but also a capability issue because some contractors will be precluded from tendering since their current surplus credit facility is not adequate enough for the banks to issue an on-demand bond.

5% is also the normal standard for most private projects. However, it would be too bold and risky to say for sure that this is adequate. Therefore, the candidates were expected to give good reasons for adopting the 5% norm but were welcome to say that this may not be adequate at all times.

Part (b) asked the candidates to give essential comments within a very short time on a quotation submitted by a single tenderer for the design and build of a site office and to list 10 essential items to be discussed with the tenderer for inclusion into the acceptance letter without future formal contract.

The question posed a few important ingredients: very short time, a single tenderer, and design and build. Given the very short time, the candidates were not expected to write a full tender report nor to write full tender query lists. Candidates should use expedient methods to point out the errors in the quotation. Note form should be adequate. Candidates generally could do an arithmetical check and could point out the high or low rates but a much lesser number did check the scope and quantities as well. Such checking was really essential since the quotation was submitted by a single tenderer based on a design proposed by the tenderer. There was no other comparable quotation. The quotation contained quite a number of errors in scope, quantities and even units. These errors should have easily been spotted out, a technique that the candidates should have acquired in their professional work when preparing estimates or bulk-checking bills of quantities.

Listing out items to be included into the acceptance letter should have been very easy when the candidates could refer to the Standard Form of Building Contract. The objective was to test the candidates on how

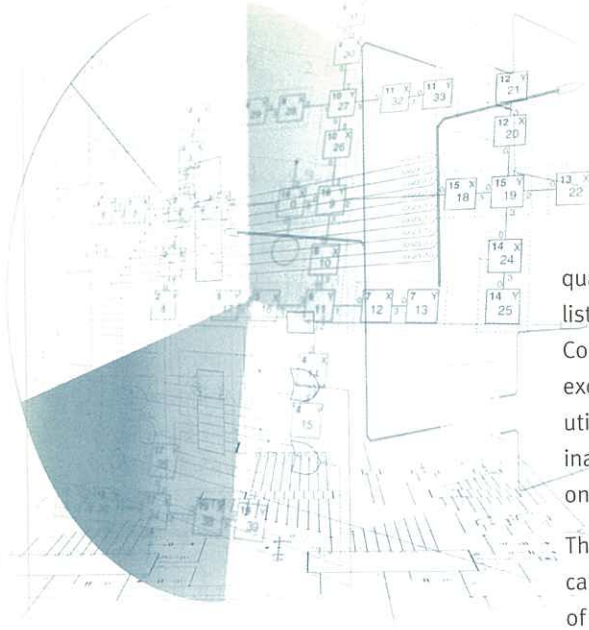
to choose the 10 most essential contractual terms, i.e. 10 essential terms which must go into any contract no matter how simple it is. Some candidates listed the errors found in the quotations or listed their tender queries as some of these essential items. Some candidates were verbose to the extent of drafting the acceptance letter. Given the very short time again, note points should be sufficient.

Part (c) asked the candidates to argue, in the absence of an express right in the contract, for the validity of making deductions from payments when the Contractor failed to submit the performance bond.

The important point is that the contract did not expressly provide for the right. Many candidates failed to address the point. Some, took it for granted without giving legal argument and just wrote a letter to the Contractor to say that they would be withholding money. Inability to provide performance bond can be viewed as a fundamental breach of contract, or the Employer is effectively taking up the role and risk of the surety in the absence of a bond. These could be the legal rights.

Part (d) asked the candidates to explain why a performance bond with a specific expiry date is not acceptable but also asked the candidates to suggest a compromising solution in case the Contractor insists on a specific expiry date.

This is not an uncommon situation. The candidates probably knew that a specific expiry date was not acceptable (at least as suggested by the question itself), but few candidates could point out in clear words the reason why this was not acceptable. As compromising solutions, some candidates suggested that the surety should be asked to extend the bond when the time comes, and some slightly clever candidates suggested to ask the Contractor to give an undertaking to extend the bond when the time comes. When the expiry date comes and the works are far from completed, will the surety extend the bond? Will the



quantity surveyor of the Main Contractor) to list the courses of action which the Main Contractor needs to take when the domestic excavation sub-contractor damaged the utility cables which were either due to inaccurate setting out or not clearly shown on drawings.

The courses of action to be advised by the candidates working at the Quantity Surveyor of the Main Contractor should include :-

- keeping a record of the incident, including taking photographs etc., immediately.
- notify other parties, such as the Architect, the utility company and the insurance company.
- check the source of the error resulting in footing protrusion and cable damage.
- consider the rights and liabilities of the various parties, such as whether the Main Contractor can withhold payment and/or set off against the subcontractor (if it is the subcontractor's responsibility) or can the Main Contractor claim against the Employer (if the drawings contain error)?

Case (b) asked the candidates (acting as the consultant quantity surveyor) to advise the Architect two alternative solutions when the nominated sub-contractor for the supply and installation of suspended ceilings in an office block went into liquidation.

Candidates acting as the Consultant Quantity Surveyor should advise two the following alternative courses of action to be included in the reply to the Architect :-

- (1) Approach the Liquidator regarding the possibility of allowing the original sub-contractor to complete the project.
- (2) Ask the Main Contractor to complete the remaining works as variations to the Main Contract. This alternative has the advantages of 'speed' and 'continuity'. Additional costs to contra charge against the defaulting sub-contractor.

- (3) Engage another contractor, either as a re-nominated sub-contractor to the Main Contractor or as a direct contractor (via negotiation/cost plus, etc) and contra charge against the defaulting sub-contractor.

Candidates may consider other alternatives which the assessor may consider acceptable.

Candidates should compare the contractual implications in terms of the possible merits in time and cost amongst the two alternatives advised.

This part is very straight forward and most candidates could handle it.

Case (c) asked the candidates (acting as a quantity surveyor of a consultant firm) to summarise in a memo to the supervisor the key issue of what went wrong, who was at fault and what should have been done when a fitting out contractor offered alternative kitchen worktops to the Employer directly during a site visit in the presence of the Architect. Subsequently the Architect condemned the defective kitchen worktops and the Contractor replaced the worktops with local materials and claimed for extra payment. The Architect was not satisfied with the workmanship of the replaced worktops and refused to pay for the extra costs, and argued that the alternative offered to the Employer earlier by the Contractor was not equivalent to the unit originally specified and demanded that all the kitchen units be replaced.

There may be a few directions in which the candidates approach this question. For instance, at one end of the continuum, candidates might choose to discuss the contractual obligations / liabilities of the parties, or candidates might simply outline a list of issues for the supervisor to compile a comprehensive report to the Contractor.

The Contractor ought to :-

- have obtained formal approval to the use

Contractor honour his undertaking? What will happen when they don't? Really, there should not be a compromise, except for a genuine inability on the part of the Contractor. Some candidates did reasonably suggest that a much later and reasonably safe expiry date should be specified.

Part (e) asked the candidates to advise on who would be responsible for insurance excesses and for the loss in excess of the insured limit of indemnity.

Quite often, sub-contractors are asked by main contractors to share the amounts of insurance excesses even though the accidents in question is beyond the sub-contractors' liability. Some contracts drafted by Consultant Quantity Surveyors permit this practice. Therefore, the question specifically stated that the answer should be based on the unamended Standard Form of Building Contract. To answer the question, the candidates should look at the way liability is shared in the absence of an insurance clause, then they should be able to answer the question. Though the first paragraph of the question is rather long, the second paragraph of the question is virtually a leading question with enough hint for the answer. That part of the question on loss in excess of the insured limit of indemnity was intended to help the candidates to think since the principle should be the same for both cases.

QUESTION 4

Question 4 contains three case studies.

Case (a) asked the candidates (acting as the

of alternative kitchen worktops before installation.

- have obtained formal approval for repair works to be carried out with local material.

The Architect should have :-

- drawn the Employer's attention that the catalogue of alternative kitchen worktops (not the originally specified product) was offered during the site visit.
- made his/her choice clear to the Contractor (whether the alternative product or the originally specified product is acceptable) before delivery.
- upon discovery of visible damage, made known to the Contractor what action was required : e.g.
 - to be replaced by originally specified product
 - whether the Contractor should carry out the repair work.

Discussions by the candidates might include :-

- whether the Contract Documents allow for equivalent products.
- if the original product is not specifically nominated, the Architect may accept equivalent products; in this case, the Architect, by action might have accepted the alternative proposed.
- with the understanding that the Employer has selected the alternative, the Architect should not insist on the original product.
- the Contractor could have on a back to back arrangement to back-charge his sub-contractor/supplier for the cost of making good.
- the remedial work utilising local material should not have constituted an equivalent standard to that of the originally specified product - this may not be acceptable.
- the Contractor is not entitled to claim extra payment for the repair.

- consider suggesting the Contractor to settle the dispute by negotiation/ commercial settlement with the Employer.

Generally most candidates' answers to the three cases could cover the main points.

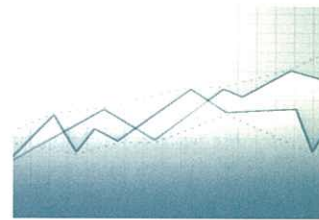
QUESTION 5

This question is intended for candidates who have been involved in civil engineering works. Two contractors in joint venture worked on a highway project. One of the Contractor (RW Contractor) has experienced opposition from the villager for their mobilization activities due to the fact that there would be works carried out adjacent to the graves of their ancestors and this contractor decided to suspend the work and served a notice for delay to the Engineering Representative (ER). However the ER did not find the cause of delay justifiable and intended to instruct the Contractor to proceed with the mobilization.

Part (a) of the question asked the candidate to advise on the implication of this notice of delay served to the Contractor in order to minimise time and cost exposure due to the potential delay to the construction programme.

This part expected the candidates to express a general understanding of 'the Engineer' and 'Engineer's Representative' which have defined roles in civil engineering contracts. Both of these roles have their respective authorities in decisions made in accordance with the contract conditions. Candidates were also expected to express knowledge on GCC conditions with respect to notification of EOT claim, whether or not special risks are involved and whether the circumstances can be considered as reasons for suspension to the works and if so, the risk to the Employer.

Whilst the RW Contractor was in delay due



to the problem given in (a) above, the other joint venture contractor (TL Contractor) also anticipated a delay of 8 weeks due to shipping of equipment arising from a strike in Europe. TL Contractor considered that the delay encountered by RW Contractor would anyway be around 14 weeks and therefore did not serve any notice to the Engineer. However RW Contractor had resolved the problem and was able to start work again after 5 weeks disruption. TL then in retrospect submitted a notice of a delay of 8 weeks. ER suggested that the claim was time barred. The candidate's advice is sought.

Part (b) - This part expected similar answers to Part (a) above with the exception that additional cost due to time extensions to the contract should be discussed by the candidates. There is no right and wrong answer to this question. More concentration is placed on the reasoning suggested by the candidates in support of the answers.

Part (c) is a simple civil works measurement exercise for a chain link fence followed by an argument for whether the concrete curb in connection is measurable.

This question expects the candidates to make reference to SMM Civil Engineering Works 1992 with specific reference to Section 4, the measurement of fencing and Section 8, the measurement of curbs. Reference should also be made to the General Preambles and Particular Preambles to the measurement of the fencing item.

Most candidates could not offer satisfactory answers to this question. ❌



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

■ ON-GOING BILLS COMMITTEES

Due to a large number of controversial items contained in the Town Planning Bill and a large number of unresolved issues, the House Committee of LegCo decided to ask the Bills Committee to abort its scrutiny of the Bill. In other words, the Town Planning Bill will not be passed by the LegCo by the end of this session. The Bill will have to be reintroduced into the new LegCo which will be reconvened in October this year.

Work continued for the Urban Renewal Authority Bill under my chairmanship despite that there have been many major controversial issues to be discussed.

Bills Committee on Building Management (Amendment) Bill 2000 will be finishing its work very soon.

■ SALES DESCRIPTIONS OF UNCOMPLETED RESIDENTIAL PROPERTIES WHITE BILL

A Subcommittee to study the Sales Descriptions of Uncompleted Residential Properties White Bill has been formed. The Subcommittee has invited the Hong Kong Institute of Surveyors and other professional institutions and interested organisations to express their views on the White Bill. No doubt that the requirement in the Bill will place much more responsibilities, not only on developers, but also on professionals such as architects and surveyors.

■ CONSULTANCY REPORT ON ASIAN GAMES AND THE FESPIC GAMES

The Administration gave a briefing to LegCo members on Consultancy Report on Financial implications of hosting the Asian Games and the FESPIC Games for the Disabled Athletes in 2006. It will soon ask the Finance Committee for financial commitment for the Games. After totalling in revenue, the Games are estimated to produce a deficit of \$945m (2006 prices).

■ ALL PARTY CLEAN AIR ALLIANCE

I initiated an All Party Clean Air Alliance to promote improvement of air quality of Hong Kong. After three meetings, the Alliance proposed and submitted a 15-point proposal to the Chief Executive on immediate measures to tackle air pollution. ■



RESIDENTIAL MORTGAGE SURVEY RESULTS FOR MARCH 2000

New mortgage lending rose in March, according to the HKMA's monthly survey of residential mortgage lending. The amount of gross new loans made in March increased by 8.2% to \$10.8 billion compared with the decline of 5.2% in February. The average size of new loans decreased slightly to \$1.43 million in March from \$1.45 million in February.

New loans approved during the month grew markedly by 57.6% to \$16.2 billion from \$10.3 billion in February, largely driven by the upsurge in sale activity in the primary market. Refinancing loans increased in absolute terms after falling for two consecutive months, and accounted for 32.8% of new loans approved in March (46.5% in February). Loans approved during the month but not yet drawn rose by 60.1% to \$12.2 billion in March from \$7.6 billion in February.

The average loan-to-value ratio of new loans approved rose to 58.1% in March from 57.0% in February. The average contractual life increased to 205 months from 195 months. Of these loans, 99.6% 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 65.1% of the new loans approved, up significantly from 29.5% in February.

QUALITY HOUSING INITIATIVES TO ROLL OUT

Contractual arrangements with major stakeholders of the Housing Authority were revised on 27 April 2000 in an effort to achieve more balanced risk-sharing under a partnering spirit.

Arrangements endorsed by the Authority's Building Committee (BC) include lowering the sum of liquidated damages (LD) for piling and building contractors and streamlining the procedures in handling post-contract matters, such as settlement of extension of time and prolongation costs claims.

As approved by the BC, the current level of LD for the revenue-generating portion will be discounted by 50% for piling contracts and 20% for building contracts on an administrative basis. The adjustment is supported by the Hong Kong Construction Association as a workable solution to reduce the financial incentive to compromise quality for the avoidance of delay in completion.

At the same time, a time frame will be worked out to regulate post-construction settlement of extension of time and prolongation costs claims.

In the meantime, the "Engineer's Design" approach, i.e. system and method of piling in a piling contract to be designed by inhouse engineers, will be considered for use more often in future piling contracts to lower technical risks.

Meanwhile, the BC also agreed to outsource the monitoring of watertightness tests and final flat inspection of 31,000 flats of 24 building contracts to be completed between October 2000 and June 2001. External Inspection Consultants will be commissioned in four batches starting from June 2000.

Inspection Consultants will assist the Contract Manager to coordinate with the main contractor on the programming and implementation of watertightness tests to windows, bathrooms, facades and formwork tie-holes as well as final flat-to-flat inspection.

As set out in the implementation plan of 'Enhancing Public Housing Quality', outsourcing final flat inspection work could help maintain a consistent handover standard during production peak so that we can provide quality products and services to our customers.

LAND REGISTRY STATISTICS FOR APRIL RELEASED

The Land Registry received 9,138 sale and purchase agreements on residential and non-residential building units in April, representing an increase of 15.7% over March but a decrease of 7.9% from April last year.

The total consideration of these agreements in April was about \$21.4 billion, up 12% over March but down 24.2% when compared with April 1999.

The figures are contained in the monthly statistics released on 3rd May 2000 by the Land Registry on deeds relating to property transactions received for registration in the Urban and New Territories Land Registries in April 2000.

TWO PRE-SALE CONSENTS ISSUED IN APRIL

The Lands Department issued two consents for the sale of 2,740 residential units in uncompleted developments in April.

The developments, located on Shum Wan Road and Tsing Yi Island, are estimated to be completed between May and November 2001.

A consent to assign was also given for 2,026 residential units in a development project on Tsing Yi Island.

At the end of April, there were 11 applications for pre-sale consent involving a total of 9,002 residential units across the territory that are expected to be completed between September 2000 and August 2002. In addition, there were 4 applications concerning commercial developments.

Applications for consent to assign being processed included three residential projects involving a total of 1,528 units in various districts.

BUILDING PLANS APPROVED IN MARCH

The Buildings Department approved 32 building plans in March – 9 on Hong Kong Island, 11 in Kowloon and 12 in the New Territories. The approved plans covered 18 for apartment and apartment/commercial developments, 8 for factory and industrial developments, and 6 for community services developments.

In the same month, consent was given for works to start on 14 building projects, which will provide 45,498 square metres of usable domestic floor area and 138,379 square metres of usable non-domestic floor area on completion.

The department also issued 21 occupation permits – 3 on Hong Kong Island, 6 in Kowloon and 12 in the New Territories. Of the buildings certified for occupation, the usable floor areas for domestic and non-domestic uses were 37,153 square metres and 22,552 square metres respectively. The declared cost of the new buildings completed in March totalled about \$921 million.

In addition, 10 demolition consents involving 11 buildings and structures were issued.

The department's Control and Enforcement Division received 1133 complaints against unauthorised building works in March, and issued 419 removal orders on unauthorised works. ■



VALUING VARIATIONS

- THE APPLICABILITY OF BILL RATES

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

In the Surveying Newsletter, Volume 8, Issue 7, which was published in July 1999, I reported on the case of Henry Boot Construction Ltd v Alstom Combined Cycles Ltd, a case of great importance for quantity surveyors.

In that case the extent to which rates in the Bills of Quantities should be used in the valuation of variations was considered, particularly in circumstances where the Bill rate was exceptionally or unreasonably high or low. The judge held that Bill rates must be used without consideration of their particular reasonableness. The Bill rates were, the judge said, 'sacrosanct, immutable and not subject to correction'.

The case has recently been the subject of an appeal to the Court of Appeal, and I will be discussing the result of that appeal in my article next month.

However, this month I wish to report on another recent case that considered the applicability of Bill rates in valuing variations, the case of **Aldi Stores Ltd v Galliford (UK) Ltd (8th March 2000)**. This case confirmed the same principles as the Henry Boot case, but had the opposite result. In Henry Boot, the use of the Bill rates resulted in the contractor making a very large profit due to a high Bill rate. In the Aldi Stores case the use of the Bill rates resulted in a significant loss for the contractor.

The case concerned an appeal from an arbitrator's award. Galliford was the main contractor who entered into a contract with

Aldi Stores Ltd to construct a new retail book store in Swansea in Wales. The form of contract was the JCT Intermediate Form 1984 Edition.

The Bills of Quantities prepared by the consultant quantity surveyors contained two items for disposal of excavated materials off site, being:

A. Disposal of Excavated Material off site	1547 m ³
B. Disposal of Excavated Contaminated Material off site in a licensed tip	1463 m ³

In their tender Galliford priced item A at the rate of £8.63 per m³ and item B at the rate of £44.60 per m³, and their total tender sum was £1,017,792.11.

Whilst Galliford's tender appears to have been the lowest, it was nonetheless more than the employer Aldi Stores could afford, and so the consultant architect and quantity surveyor entered into negotiations with Galliford to discuss various means by which Galliford's tender may be reduced to a level acceptable to Aldi Stores. During these negotiations two principal matters were discussed that could lead to Galliford putting in a revised and reduced tender. These were firstly burying contaminated excavated material on site in borrow holes, and secondly raising the levels of the site to take the clean materials excavated for these borrow holes, thus negating the need for disposal.

There was however no agreement from the Architect that these measures would be

instructed, merely that he would look into their possibility.

However as a result of the discussions Galliford submitted a revised and reduced tender in the sum of £855,627.00, and in the revised Bills of Quantities the rates for both disposal items A and B above were amended to £0.00 per m³. Item B was reduced in recognition of the above proposal, and item A reduced to be consistent with the rate for B, but Galliford made it clear that the cost for the works of A was included elsewhere in their rates.

The revised tender was accepted and Galliford commenced work. During the course of the works it was found that all the material to be excavated was contaminated and thus could not be buried in borrow holes on the site. All material excavated thus had to be disposed of off site and predictably a dispute arose as to the valuation of the works. Galliford considered that it was entitled to have the disposal works valued at the originally tendered rate of £44.60 per m³, but Aldi Stores maintained that the rate in the Contract Bills of Quantities of £0.00 per m³ must be used.

In the arbitration the arbitrator held that there was an error in the quantity of item B for disposal of contaminated material in that it should have been 3010m³ (the quantity of 1463m³ plus the original quantity for clean material 1547m³). Whilst he decided that the original quantity for item B, i.e. 1463m³ must remain valued at the rate of £0.00 per m³, he valued the additional quantity of 1547m³ at the rate of £36.10 per m³ (being the original rate for disposal of contaminated

RECENT DEVELOPMENTS IN THE MAINLAND CHINA

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

material, £44.60 per m³ less the original rate for disposal of clean material (£8.50 per m³).

The arbitrator's reasoning was that the additional quantity amounted to a variation which required valuation pursuant to Clause 3.7 of the contract, and in particular he considered that a fair valuation of the works was called for in accordance with Clause 3.7.4 that provided:

"a fair valuation shall be made... where there is no work of a similar character set out in the priced document...."

The arbitrator's decision was appealed and the appeal was upheld. The judge stated that there was no basis for the arbitrator to depart from the rates in the Bills of Quantities. A fair valuation could only be made if there was no work of a similar character set out in the Bills of Quantities, but here there was work of a similar character (at item B) and it was priced at the rate of £0.00 per m³. Therefore the arbitrator should have valued the additional quantity of disposal of contaminated material off site at the Bill rate of £0.00 per m³.

The judge said he had much sympathy for Galliford on the facts of the case. However the rules for the valuation of variations must be adhered to, and Bill rates must be used if the work is of the same character to work in the priced document.

This is a salutary lesson to all contractors to take care when pricing tender documents and in particular take care with including money for an item elsewhere and pricing the item itself at \$0.00.

Given China's likely accession to the WTO in the near future and the fact that a significant number of members have work related to the Mainland China, we believe there should be a regular article covering recent developments in the Mainland China.

Two regulations on cost engineers and cost engineering consultants which came into effect on 1 March 2000 were included in the last issue of the newsletter. For this issue, we would like to cover two national laws affecting construction activities.

THE CONSTRUCTION LAW (EFFECTIVE FROM 1 MARCH 1998)

The Construction Law is intended to be the first national legislation that establishes an overall legal framework and standards for construction activities in China. The Law is not a detailed and comprehensive legal code for construction activities but contains broad legal principles.

Article 6 provides that the Ministry of Construction is the general governing authority for all construction activities nationwide.

This Law governs all "construction activities". However, the term is narrowly defined in **Article 2** as the "construction of buildings and auxiliary facilities and the installation of wires, cables, pipelines and equipment associated therewith" although **Article 81** provides that the provisions in the Construction Law are also applicable to specialised construction works and specific regulations shall be formulated by the State Council. To be effective as a national legislation on construction works, we consider

either the term should be amended to include construction activities other than building works such as construction of power plant or the specific regulations to be formulated by the State Council should cover most other construction activities.

There are provisions in the Construction Law which are different from usual international practice. For instance, in an attempt to reduce earlier malpractice where employers had unlawful gains in the procurement process, **Article 25** provides that an employer shall not specify in the construction contract building materials, equipment, suppliers or manufacturers if the contractor is responsible for supplying such materials or equipment under the contract.

This provision is contrary to the common practice where architects/engineers specify on behalf of employers in building contracts building materials or suppliers to ensure the quality of the work.

There are certain restrictions on sub-contracting contained in **Articles 28** and **29**. For instance, a main contractor is not allowed to wholly sublet its work (**Article 28**) and can only sublet its work to sub-contractors approved by the employer, unless specifically permitted in the main contract (**Article 29**). A sub-contractor cannot further sublet any part of its work (**Article 29**). Contractors who have business as in the Mainland China should familiarise themselves with these two articles.

THE CONTRACT LAW (EFFECTIVE FROM 1 OCTOBER 1999)

Before the introduction of the new Contract Law, there were three major sets of contract



laws in China: the Economic Contract Law, the Foreign Economic Contract Law and the Technology Contract Law.

The applicability of a particular piece of legislation at that time depended on the nature of the contracting parties and the subject matter of the contract. For instance, contracts involving foreign parties were generally regulated by the Foreign Economic Contract Law. These pieces of legislation were repealed by the Contract Law.

The new Law is divided into two parts. The first part deals with general provisions such as formation of contracts, discharge of contractual rights and obligations and liability for breach of contract.

In common law countries, contract law legislation usually regulates all types of contracts. However, in China, where contractual disputes are not resolved by reference to earlier court decisions, it has been argued by some commentators that dispute adjudication may suffer from a lack of consistency if rules governing specific types of contract are not set out in the contract law. For this reason, the second part of the Contract Law contains provisions applicable to fifteen specific types of contracts such as contracts for work (**part 15 - Articles 251 to 268**) and construction project contracts (**Part 16 - Articles 269 to 287**). Construction project contracts are defined to include contracts for project surveying, design and construction (**Article 269**).

We will look at some of the provisions of the Contract Law below.

Oral/Written Contract

The Contract Law takes a very liberal view on the form of contract. Under **Article 10** of the general provisions, oral contracts are allowed. This Article however does not apply to construction project contracts. Under **Article 270**, all construction project contracts have to be in writing.

Elements of Contract

The new Law is to endorse the principle of freedom of contract. It introduced basic elements of contract under the common law system which you are familiar with such as offer and acceptance. However, there is still no requirement for consideration in the formation of a valid contract.

Exemption Clauses

Under the principle of freedom of contract, contracting parties should be allowed to disclaim liabilities up to a certain limit. Subject to certain exceptions such as provisions that attempt to exempt a party from liability for bodily injury caused to the other party (**Article 53**), the new Contract Law does not prohibit contracting parties from disclaiming their liabilities in the contract concerned.

Implied Terms

Article 61 of the Contract Law sets out general principles for supplying missing terms. It provides that if there is no contractual provision on terms such as quality, price or place of performance or such provisions are unclear, the parties concerned can agree to supplement such particulars.

If no such supplementary agreement can be reached, the missing terms shall be determined by reference to other relevant clauses in the contract or trade practice.

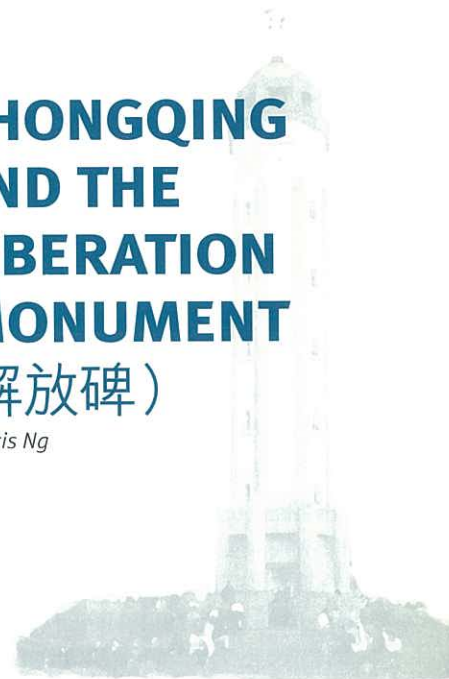
Article 62 explains how to supplement missing terms on quality, price, time and place of performance, methods of performance and the cost of performance if such terms are not determinable pursuant to **Article 61**.

Applicable Law

Article 126 allows parties to a foreign related contract to choose the applicable law unless otherwise provided by law (such as joint venture agreements (to be performed in China) where PRC law shall apply). ■

CHONGQING AND THE LIBERATION MONUMENT (解放碑)

Francis Ng



There were several names (Jiangzhou江州, Bazhou巴州, Yuzhou渝州, Gongzhou恭州) given to this big city prior to the assignment of the present name Chongqing (重慶) in 1189 AD. It served as a temporary capital of the nationalist army during the Second World War.

On 14th March 1997, Chongqing was declared as one of the 4 major cities (others are Tianjian, Shanghai and Beijing) under the direct supervision of the central government. Visitors to Chongqing will note that the city is built on undulating terrain. Heavy fog covers the region in winter months. Many people therefore call Chongqing the 'hilly city山城' or 'foggy capital雾都'.

Chongqing is situated at the south-west part of the mainland. It is at the up-stream of Changjiang長江. Neighbouring provinces are Sichuan四川, Shaanxi陝西, Hubei湖北, Hunan湖南, Guizhou貴州. It covers some 82,300 sq. km, i.e. twice the size of Taiwan and has a total population of 30.02 million (about the same as Canada).

The city is characterized by a mixture of various races. Apart from the Han漢, there are also some minority groups like Miao苗, Tu土, Mongol蒙古, Hui回, etc. Needless to

(photo 2)



say, the city proper is the major business district whereas the sub-urban areas are relatively under-developed. However, in view of the will of the central government to develop the western part of China and the strategic location of Chongqing, being at the gate-way to the west, it will inevitably have to pull down most dilapidated premises and pave the way for intensive development.

Chongqing is about 1,300 km from Hong Kong and the flight time is 1 hour 35 minutes. It is expected to have a much closer link with overseas investors in the years to come.

LIBERATION MONUMENT (解放碑)

Right in the center of Chongqing, there lies the pedestrian precinct in which thousands of the residents and tourists can stroll and shop around leisurely. The precinct measures about 100 meters in width and

covers two sections of the roads (Zhourong Road 邹容路 and Mingzu Road 民族路 (photo 1).

This monument was erected on 12th March 1940. Some 10 years later, it was re-named as the 'Chongqing People Liberation Monument'. The monument is not tall at all, only 27.5 meters above ground and access to the top can be gained through an internal spiral staircase (photo 2).

Numerous shops are being operated at both sides of the precinct. These included departmental stores, movie center, dance hall, food market, hotel, cafeteria etc. The Harbour Plaza Hotel, where our conference with MOC was held this year, is situated right at the far end of the precinct. In the immediate vicinity lies the Metropolitan Square (大都會廣場). Just nearby the monument, construction of the 'Time Square' is underway.

With the increasing popularity of the city, this place will no doubt become one of the 'must go' places in the central part of China. The provision of a pedestrian precinct serves as a good example for other major cities to follow. ☞

(photo 1)



THE COLLEGE OF ESTATE MANAGEMENT
A centre of excellence for the property and construction sector worldwide

Qualify through Distance Learning

Internationally recognised qualifications from a leading British institution providing distance learning education and training services to the property professions and construction industry. Course seminars are held in Hong Kong.

- **The University of Reading B.Sc in Estate Management** - Registration no: 250148 (3)
- **CEM Diploma in Surveying** - Registration no: 250146 (3)

Both courses meet the academic requirement of the Hong Kong Institute of Surveyors, the Royal Institution of Chartered Surveyors, United Kingdom

- **CEM Diploma in Construction** - Registration no: 250145 (3)

This course meets the academic requirement of the Chartered Institute of Building, United Kingdom - including PED

For further information, please contact:
 The British Council,
 Distance Learning Services,
 3 Supreme Court Road,
 Admiralty, Hong Kong.
 Tel: 2913 5113 Fax: 2913 5115
 Email: distance.learning@britishcouncil.org.hk
 Web: <http://www.britishcouncil.org.hk/english/elcdls.htm>

Open Evening
 Talk to our tutors at the British Council on Friday 14th July, 2000 from 6:30pm to 8:00p.m. Presentation will be on both undergraduate & postgraduate courses at 7:00pm.

It is a matter of discretion for individual employers to recognise any qualification to which these courses may lead.

The British Council
 REGISTERED IN ENGLAND AS A CHARITY NO.209131

當您遇上意外時，您需要即時援助

投保蘇黎世汽車保險

助您安度時艱

兼享 **免費汽車清理服務**



週全賠償服務

- 保單附有索償指引提示注意事項
- 即時處理索償申請
 - 24小時索償熱線
 - 網上登記索償
- 72小時賠償承諾
 - 支票於理賠準備妥當後 3 個工作天內寄出
- 第三者責任追討服務
 - 追討成功，可獲退回墊底費及保留NCD優惠



請首先登記簡單資料，確保享受測量師學會會員優惠：成功在網上投保汽車、精明家居、家傭保險及樓宇按揭火險可免費享受多一個月保障。

當您遇上意外時，您需要即時援助

身為專業人士選擇汽車保險除了根據保費作考慮外，當會以保險公司所提供的服務作決定：若摯愛的座駕遇上意外，甚至被偷去，您最需要的是即時援助。當意外發生後，蘇黎世會第一時間處理您的索償，及作出即時支援服務，助您安度時艱：

- 24小時索償熱線 — 務求於最短時間內助您獲得賠償
- 24小時支援服務 — 路邊緊急維修、拖車及後備車輛服務
- 24小時法律諮詢及轉介服務 — 當您遇上第三者法律責任時，給予專業意見

成功投保 贈送挑戰者汽車清理服務*

優惠期內，凡成功投保汽車保險，均可免費享受專業洗車服務一次，投保汽車全保，更可額外享受專業車廂清理服務一次。

即時報價 請即比較

保費由HK\$1,030起，即享有週全汽車保障，以信用咭付款，方便快捷。

蘇黎世為香港測量師學會會員專設個人保險優惠

熱線：2903 9393 傳真：2903 9340 網頁 www.surveyors.zurich-on-line.com

其他優惠：



全新精明家居保險

- 比市面上一般家居保險節省 20-30% 保費
- 最高可達 HK\$10,000,000 的家屬責任保障
- HK\$1,000,000 家居財物全面意外保障
- 六折優惠：全面保障每月保費 HK\$69 起



旅遊保險

- 即時保障生效及特快出保單服務
- 個人意外保障高達 HK\$1,000,000
- 保費由 HK\$80 起



ZURICH

蘇黎世