

Surveying

news



Stephen Liu

Message from the President

I had my official visit to the surveying professional institutions of three countries, namely Singapore, Malaysia and UK on the 3rd to 7th August.

Despite the fact that we had a very tight schedule, the visit proved to be very effective and useful. It had not only improved the relationship between the various institutes but also helped to develop new co-operation opportunity.

A full report of the visit is included in the newsletter for members' information.

JOINT INSTITUTES' SURVEY ON MEMBERS' INFORMATION AND EMPLOYMENT DETAILS

The five Hong Kong professional organizations related to building and construction industry carried out a joint survey amongst their members in May/June 2001.

A press conference to brief the media was held on 24 July 2001 and attended by four of the professional institutes. Subsequently letters were sent to the relevant government departments and the legislative councillors for their information and consideration.

A copy of the press release and details of the survey result are reproduced below (see page 4) for members' reference.

THE NEW SECRETARY FOR PLANNING AND LANDS

The new Secretary for Planning and Lands is Mr. John Tsang. I arranged a first meeting with him on 14 August together with our SVP Mr. Chan Hak, JVP Mr. Kenneth Chan, GPD Chairman Mr. Tony Tse, Chairman of Town Planning Standing Committee Mr. David C. Lee and the Hon P.C. Lau. We exchanged views on the current lands and planning matters and we look forward to continuing contact and co-operation with Mr. John Tsang and the Bureau.

THE TEN PROFESSIONAL COALITION AND TRADE DEVELOPMENT COUNCIL

The formation of the Hong Kong Coalition of Professional Services Limited is being finalized.

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SISV President, Dr. Amy Khor (4th from right) and her fellow council members welcome HKIS President, Mr. Stephen Liu, Senior VP, Mr. Chan Hak, Junior VP, Mr. Kenneth Chan and Hon. Secretary, Mr. Albert So for visiting SISV (5th to 8th from right)



HKIS President, Mr. Stephen Liu (right) signed the Memorandum of Understanding with President of ISM, Mr. Mani Usilapaan (left)



President and Hon. Secretary met with RICS President, Mr. Peter Faulkner (5th from right), Chief Executive, Mr. Louis Armstrong (1st from right) and other RICS representatives in RICS Headquarters

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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.

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EDITORIAL CONTRIBUTIONS

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

Information & Contents

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Advertising

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Friday 9:00am - 5:00pm
Saturday 9:30am - 12:30pm

It is targeted to sign the formal agreement in September. The Hong Kong Institute of Surveyors is one of the founding members. Its aims and objectives are to promote the common interests and the professional services provided by the members of the company who are professional bodies both inside and outside of the Hong Kong SAR.

At the same time, the Trade Development Council (TDC) is actively assisting professional bodies in Hong Kong to promote the services industry in Hong Kong to overseas especially to the Mainland. The ten professional bodies had a meeting with the chairman of the TDC Mr. Peter Woo to explore the various means and opportunity for Hong Kong Professionals to "export" our services. HKIS is also a member of the Infrastructure Working Group of the TDC.

WORKING GROUP ON CONSTITUTION

The Working Group on Constitution had several meetings in the past few months. It has identified an urgent need to change our constitution to bring the Institute into a new horizon. One of the proposal is to change the requirement of an affirmative vote of 66% of the corporate members of the Institute for any alteration, amendment or addition to the constitution. The other proposal is to change the title/designation and grades of membership. Details of the proposal will be issued to members shortly and I encourage all members to carefully consider these proposals and cast your vote for the benefit of all the members and the Institute. ☒

REPORT ON VISITS TO SISV, ISM & RICS

A delegation from HKIS consisting of the President, SVP, JVP and Hon. Secretary visited surveying professional institutions in Singapore, Malaysia and London from 3- 7 August 2001.

The purposes of the visits were to strengthen the relationship between the surveying professional institutions and to explore future co-operation opportunity and arrangement.

VISIT TO SINGAPORE (3/8/01)

The delegation arrived in Singapore in the afternoon and met with the following Council Members of SISV:

Dr. Amy Khor, Council Chairperson & President (Valuation & General Practice)
Prof. Lim Lan Yuan, Vice President (Valuation & General Practice)
Mr. Tam Sek Leng, President (Land Surveying)
Mr. Seah Kwee Yong, Representative (Quantity Surveying)

The Singapore Institute of Surveyors & Valuers (SISV) has a total membership of about 1,500. It was established in 1982 when the Singapore Institute of Surveyors and the Singapore Institute of Valuers merged.

HKIS and SISV signed a reciprocity agreement in 1997 for the corporate members of each Institute to be recognized by the other Institute after working in the country for one year.

Both Institutes are happy with the agreement and committed to continuing the good relationship and further co-operation in the future.

At present, building surveyors in Singapore are grouped under the Valuation & General Practice Division. However, they are looking for the possibility to form a separate division for building surveyors. As HKIS has a strong Building Surveyors division, they would seek advice from HKIS on the formation of the new division.

Both Institutes shared their concern on the recent structural change in RICS on Faculties and their global expansion especially in Singapore and China.

Both Institutes agreed to hold more regular meetings and would organize joint seminars/

conferences for CPD and promotion of surveying profession in the Region.

In the evening, the SISV hosted a welcoming dinner for HKIS delegates.

VISIT TO MALAYSIA (4/8/01)

The delegation flew to Kuala Lumpur early in the morning of 4 August.

The delegation was greeted by ISM Council Member Mr. KWAN Hock Hai in the airport.

The meeting with the Institution of Surveyors, Malaysia (ISM) was carried out in their institute-owned premises in Petaling Jaya, Selangor. There were over ten representatives from ISM attended the meeting led by President Mani Usilappan.

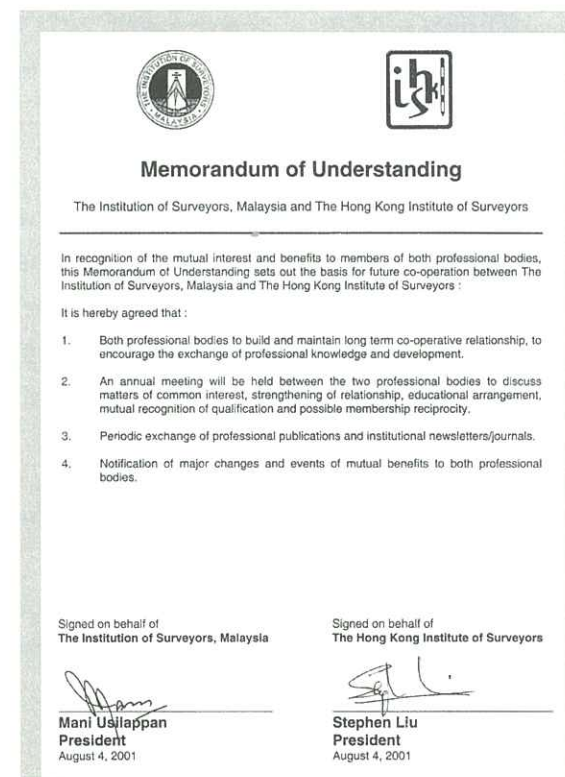
This year is the 40th anniversary of the ISM. They have 4 divisions (similar to HKIS) but their General Practice Division is called "Property Consultancy and Valuation Surveying" Division.

They have a total membership of about 3,000 corporate members and about 1,000 student members.

In Malaysia, there are separate Registration Boards for Quantity Surveyors, Land Surveyors and General Practice Surveyors but not for Building Surveyors. These Boards are appointed by the Ministry and issue licence to practice. It was, however, noted that a draft act for the registration of building surveyors had been ready for quite some time and the same would be enacted in the near future.

Both Institutes agreed to work together in promoting the surveying profession in the Region and to strengthen the relationship of the two institutes. A Memorandum of Understanding was signed by the Presidents of ISM and HKIS during the meeting to confirm the agreement made.

The Memorandum of Understanding is reproduced below for members information.



It was also agreed to explore the opportunity on and arrangement of exchanging student members and university students on surveying courses for working experience in the other institute country. The JVP had the opportunity of meeting a group of students who were studying building surveying at the Malay Institute of Technology. They wished to come to Hong Kong for a study tour and requested HKIS to make the necessary arrangement.

The ISM then hosted a welcoming lunch for the delegates and organized a tour around Kuala Lumpur showing their recent development and the new government district.

VISIT TO RICS IN LONDON (6/8/01)

President Stephen Liu and Hon. Secretary Albert So continued their journey to London on 5 August while the Vice Presidents returned to Hong Kong after the visit to ISM.

The meeting was held in the headquarters of RICS at Great George Street, Parliament Square. The following officials from RICS attended the meeting:

Peter Faulkner (President)
Louis Armstrong (Chief Executive)
Carolyn Slater (Director - Education and Standard)
Winifred Cooksey (Head of Practice Qualification)
Shiraz Oshidar (Manager, International Operation)
Rob Tovey (Head, Education)

HKIS raised the concern on lack of communication between the two institutes since the signing of the co-operation agreement in 1998.

RICS promised to strengthen the communication and would adopt a more direct approach with HKIS instead of through one official liaison person only.

RICS briefed HKIS on the faculty arrangement and its international expansion was to provide services and look after overseas members' interest.

When RICS changed its Constitution last year, they needed the majority support of those members who voted, i.e. not the total membership.

HKIS explained the difficulty to change its constitution to cope with future development and membership expansion.

RICS would consider changing the Technical grade membership into the title "Associate" in 2003.

RICS is considering having APC to be conducted in the local language instead of English for overseas members. They invited HKIS to send representative to attend an International APC Forum in Brussels in November.

Both Institutes agreed to co-operate further in the promotion of the surveying profession in China and in the Asia Region. The existing co-operation agreement will continue to form the basis of future development of relationship for both institutes.

After the meeting, RICS hosted a lunch for the HKIS delegates. We all enjoyed the hospitality by the President and the key personnel from RICS. ☒

THE FIVE BUILDING AND CONSTRUCTION RELATED PROFESSIONAL ORGANISATIONS PRESS RELEASE

24 July 2001

Five Hong Kong professional organisations related to building and construction industry carried out a joint survey amongst their members in June 2001. The objectives of the survey are to find out the current employment situation of their members and the contributing factors and to bring to the attention of relevant government bodies and interested parties for their supportive actions.

The survey covers five areas: i.e.

1. Employment in the Government;
2. Government projects;
3. Employment in the private sector;
4. Current employment of members of the organisations, and
5. Other views on the profession.

An analysis of the survey results reveals the following:

The employment opportunities in the government are considered generally inadequate while the employment is stable, of average career advancement but low job satisfaction. Whereas in the private sector, the employment opportunities are far more inadequate and the continued employment is very unstable, while the employment offers good career advancement and job satisfaction.

Majority of the surveyed members are employees and about half of them in government departments or semi-government corporations and the other half with private sector. Nearly half of surveyed members are with more than 10 years professional experience.

Regarding the bidding for and awarding of government building and construction contracts the general opinion is that the current system is very unsatisfactory and a change to that is required. The current bidding system without stipulating the reasonable fee that reflects the benchmarked level of resources required to ensure the delivery of good quality services by the consultants is unacceptable and does not contribute to quality work. And government should continue to carry

on with the works projects without delay under the development programme.

In summary, members feel very strongly of their contribution to and commitment in the community and endeavour to maintain a high professional standard and produce quality work. In order to support quality professional practices there have to be satisfying and rewarding employment opportunities. It is also pointed out that the current contract bidding and awarding system be improved and to include a reasonable fee element thereby ensuring professional input and quality work.

While we urge the Government to consider to improve the current consultancy contract bidding systems as well as the fee policies, we also like to stress that another immediate task is of course to help the professions to export the services - to the Mainland particularly, and also to other parts in Asia. The Government should consider examining a 'helping business' initiative for the promotion of the export of the professional services in this respect. This initiative may involve identifying and removing export barriers, as well as putting in place policies, programmes and resources to market the expertise and services within the region and in the Mainland.

The survey results will be forwarded to the relevant government bodies, legislative councillors and interested parties for information. The professional organisations sincerely wish to seek for the opportunity to work with all parties and persons concerned to address the issues identified and to build a better Hong Kong for everyone.

MEMBERS OF THE JOINT SURVEY:

- Hong Kong Institute of Architects
- Hong Kong Institution of Engineers
- Hong Kong Institute of Landscape Architects
- Hong Kong Institute of Planners
- Hong Kong Institute of Surveyors

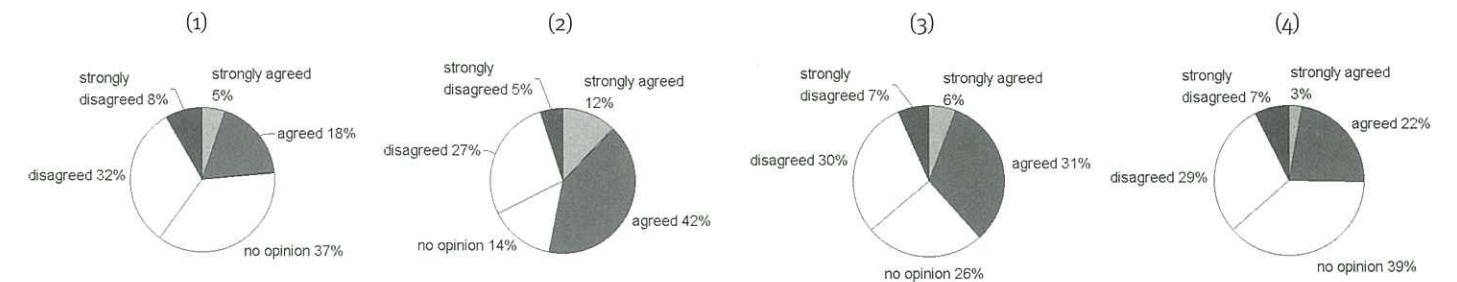
SURVEY ON EMPLOYMENT AND RELATED MATTERS

The objective of collecting such data is a joint effort of the 5 institutes to reflect the current employment situation to concerned government bodies for their attention to the matter.

Questionnaires returned: Total 424

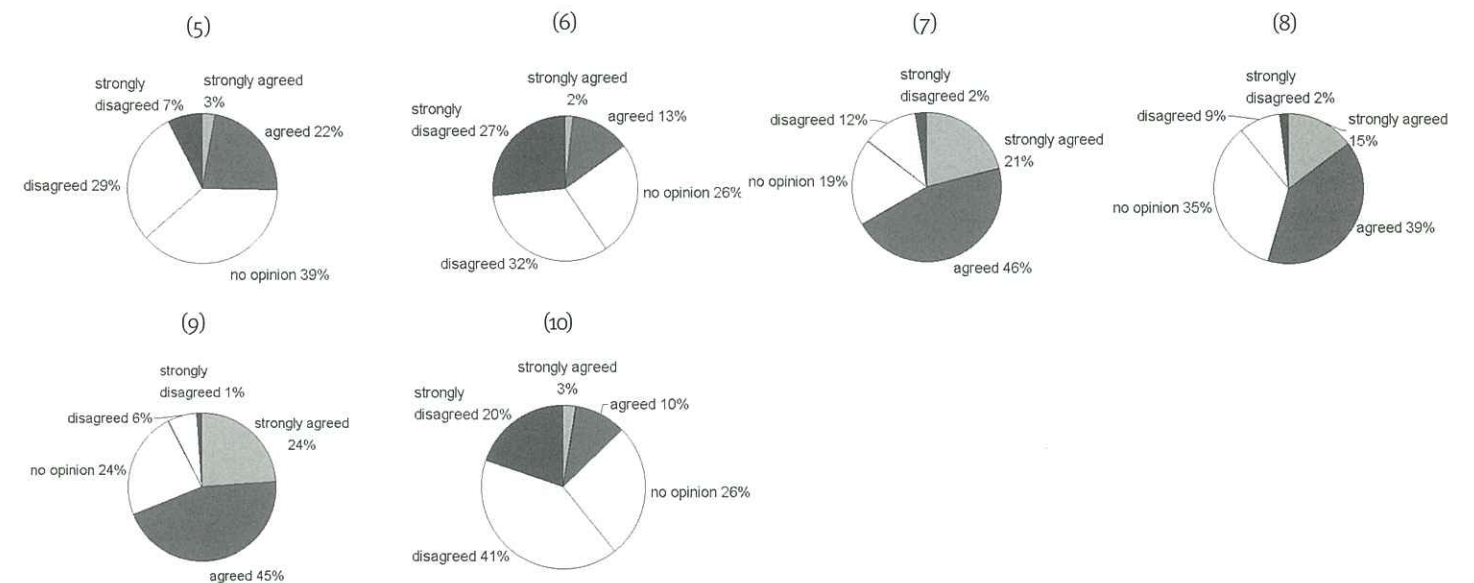
A. Employment in Government

- 1 The employment opportunities with government are adequate
- 2 The employment conditions for government employment are stable
- 3 Employment in government provides good opportunities for career advancement
- 4 The employment in government provides job satisfaction



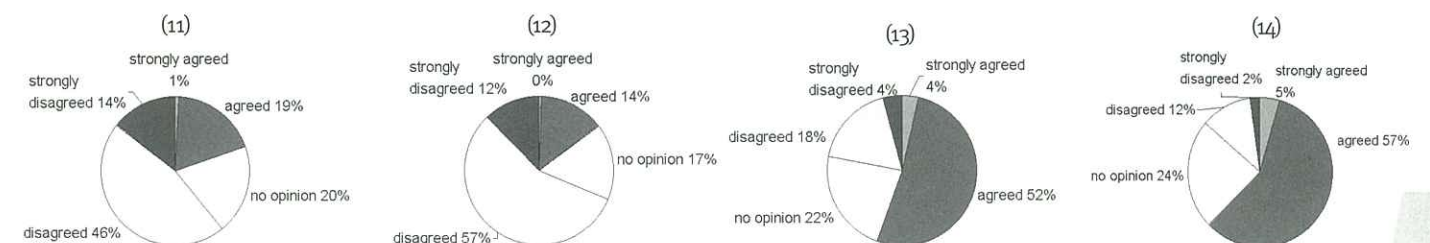
B. Government Projects

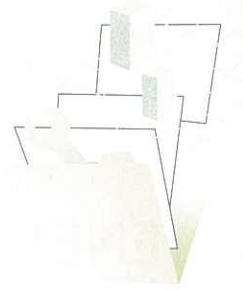
- 5 The opportunities for private sector consultancies on government projects are adequate
- 6 The current fee bidding system for government projects is acceptable
- 7 Minimum fees should be stated in Government brief
- 8 The current Government system of awarding contracts to private sector is flawed
- 9 Government should change its system of awarding contracts to private sector
- 10 Current system of awarding Government projects to private sector rewards quality



C. Private Sector

- 11 The employment opportunities in the private sector are adequate
- 12 The outlook for continued employment in the private sector is stable
- 13 Employment in the private sector provides good opportunities for career advancement
- 14 The employment in private sector provides job satisfaction

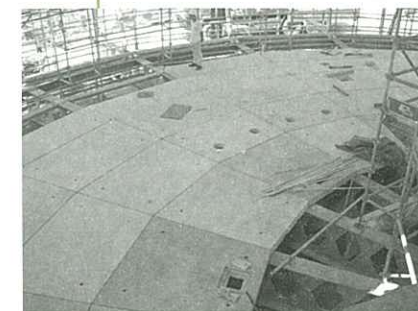




Building Surveying Division

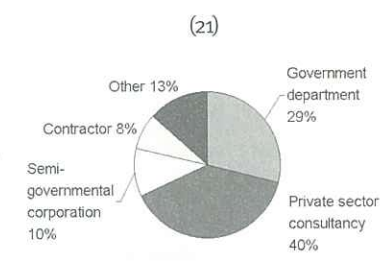
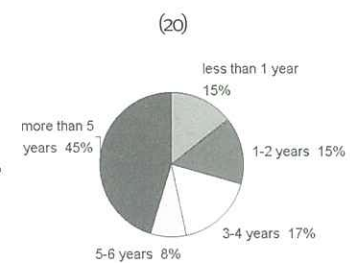
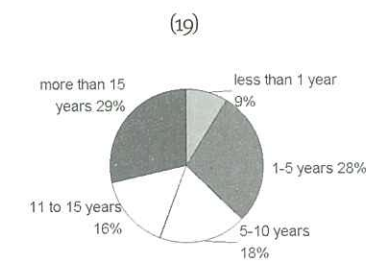
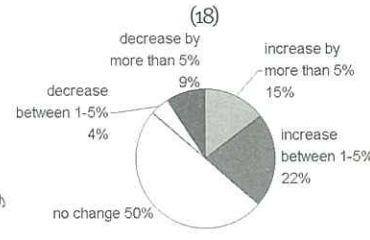
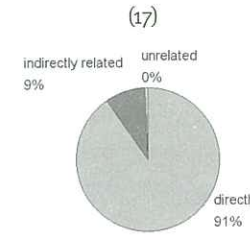
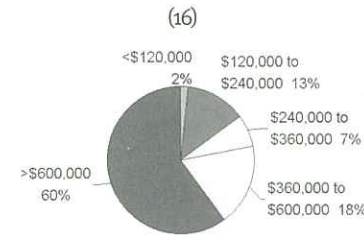
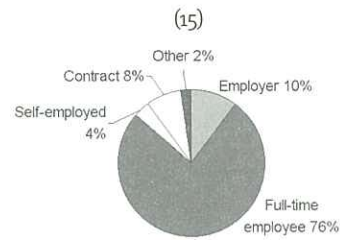
Summer is a comparatively quiet time. The BSD had organised a visit to the Integer Building on 4 August. The following photos showed a fruitful visit. However, the division was not all quiet. The different skills panels are working hard to produce technical comments in their respective areas. The BS Conference Organising Committee would be one of the busiest groups. Do not miss this event on 20 October 2001.

The BSD Council had endorsed the sponsorship of members to attend the IFMA World Workplace to be held in Kansas City, USA, 23-25 September 2001. Please do not hesitate to submit your application to the BSD Council for consideration. **S**



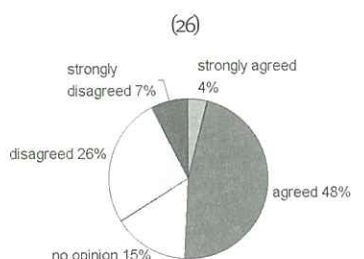
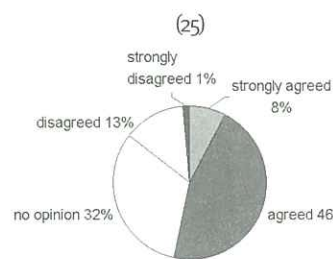
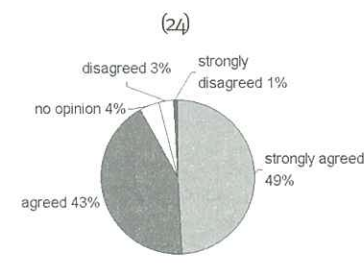
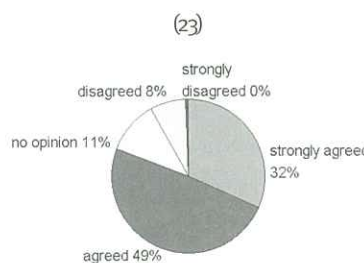
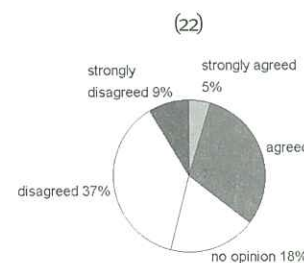
D. Current Employment

- 15 Status of your current employment
- 16 Annual salary
- 17 Current employment is related directly with your profession
- 18 Change of salary in last 12 months
- 19 Year of full professional membership of your institute
- 20 Served in present organisation
- 21 Type of organisation



E. Miscellaneous

- 22 The professional institute to which you belong has a high profile with the community
- 23 The role of your profession in quality of building works is important
- 24 The recognition of your profession by Government is important
- 25 Mainland China's accession to WTO will provide opportunities for your profession
- 26 The post education and pre-qualification training of your profession in Hong Kong is important



GENERAL PRACTICE DIVISION

Tony Tse, Chairman

POST-EXPERIENCE PROGRAM IN REAL ESTATE DEVELOPMENT AND VALUATION

The Post-experience Program in Real Estate Development and Valuation is scheduled to end on 11 August 2001. In view of the good response, the Working Group on the course at their meeting in July 2001 agreed to run another class in October 2001. The class size will be about 100 persons and most of the tutors have tentatively agreed to conduct the course again. In the admission of applicants, priority will be given to those applicants who were not selected the first time. Moreover, whilst the course contents and number of hours will remain unchanged, one more workshop session on valuation may be included. Details of the course will be distributed to members once available.



VISIT TO SHENZHEN INSTITUTE OF REAL ESTATE APPRAISERS

The GP Council together with about 30 GP members visited the Shenzhen Institute of Real Estate Appraisers on 27 July 2001. We were greeted by the Vice-President and Committee members of the Institute. In the morning, members were briefed by the Land Bureau on the latest land and building registration system and title transfer procedures in Shenzhen, as well as the latest development of the Institute. In the afternoon, we visited the exhibition hall of the Planning Bureau and the latest residential developments in Futin including some show flats. During the discussion with the representatives of the Shenzhen Institute of Real Estate Appraisers, it was agreed that more contacts and visits should be organized so as to enhance the knowledge of the members of the development in both areas. The GP Council is considering the organisation of another visit to Shenzhen for the student members.

MANPOWER SURVEY 2001

The Real Estate Services Training Board of the Vocational Training Council conducted its 2nd manpower survey of the real estate services industry in January 2001. Results of the survey were announced in July 2001 and details are available from the Council.

The Survey revealed that the 5 sectors i.e. Real Estate Development, Real Estate Management, Real Estate Brokerage & Agency, Real Estate Surveying, Valuation & Consultancy, and Real Estate Government Departments and Public Sector together employ 111,443 people including 73,662 technical employees and 37,781 non-technical employees. When compared with the manpower survey of 1999, there was an increase of 7.3% of technical employees. The survey also showed that the Real Estate Management Sector, employing about 54.3% of the total workforce, recorded a manpower growth of about 29% in the past 2 years whilst all other sectors recorded a decrease of employees. It was also noted that the Real Estate Surveying, Valuation and Consultancy Sector suffered the most with a manpower decrease of nearly 50% in the past 2 years.

The survey report is most useful to the real estate industry and the GP Council will study the report, which is a good reference in formulating our future training program.

RECIPROCAL AGREEMENT ON RECOGNITION OF QUALIFICATION

The GP Council is now discussing with the China Institute of Real Estate Appraisers (CIREA) about the possibility and terms for a reciprocal agreement on the recognition of qualification. As the matter has a far-reaching impact on the future development of the GP surveyors in the PRC, a "Forum" will be organized to gather views from our members before we proceed further with the matter. Members are therefore urged to attend the Forum and give their comments on the issue. The Chairman of the Working Group on the matter is Mr. Alexander Lam (tel no : 2507 0577; fax no : 2869 7372; e-mail : alexander.lam@dtz.com.hk).



LAND SURVEYING DIVISION

LSD BOUNDARY SURVEY ADVISORY COMMITTEE (BSAC)

First of all, thank you for your valuable comments on the Guidance Notes (GN) for Land Boundary Surveys. The final draft GN had been endorsed by the LSD Council and it would be sent out for printing shortly.

In addition, BSAC is currently studying matters associated with the proposed Land Titles Bill. In the recent LSD Council meeting, it was agreed to review critically the Land Surveying Ordinance since its implementation in 1996. Members are requested to direct their comments and views to Mr. LEUNG Shou Chun, Chairman of the BSAC.



Mr. & Mrs. WONG Chung Hang (LSD Chairman) presenting a trophy to Mr. Jacky TULL

LSD ANNUAL DINNER 2001

The LSD Annual Dinner 2001 will be held on 18 October 2001 (Thursday) at Sheraton Hong Kong Hotel & Towers. More details of the Dinner will be mailed to you soon and we look forward to seeing you at the Dinner.

ANNUAL GENERAL MEETING FOR LAND SURVEYING DIVISION

The tentative date for the LSD AGM will be held on 20 November 2001 (Tuesday). More information about the AGM will be forwarded to you shortly. Thank you for your support on the LSD Council and please do attend the Meeting.

LSD GOLF TOURNAMENT 2001

The LSD Golf Tournament 2001 was successfully held on 12 July 2001 at Dongguan Hillview Golf Club. All members and non-members had a wonderful time. The winners were:

Champion	Mr. Jacky TULL
1st Runner-up	Mr. T N WONG
2nd Runner-up	Mr. CHAU Ming, Marvin
Longest Drive	Mr. CHAN Hon Ping
Closest to Pin	Miss Martina CHAN

Once again, congratulations to all the winners and thanks to the members for having sponsored the prizes for the tournament.

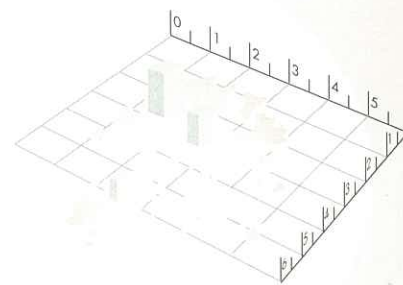
INTERNATIONAL AND MAINLAND AFFAIRS

WONG Chung-hang, Chairman

The 7th South East Asian Surveyors Congress (7th SEASC) will be held in Hong Kong in 2003. The HKIS International Committee has agreed to sponsor Mr. Gordon Andreassend, the Congress Director of 7th SEASC, to attend the 42nd Australian Surveyors Congress in Brisbane, 25-28 September this year to promote the 7th SEASC. The Australian and New Zealand surveyors were major participants and contributors of technical papers in SEASC. We hope more surveyors from the south continent will join our Congress in 2003.

HKIS is an observer of the Federation of Land Surveying and Geomatics of Association of South East Asia Nations (ASEAN FLAG). ASEAN FLAG is planning to hold a Council Meeting in Hong Kong in November this year. This is because they want to become familiar with the surveying disciplines in Hong Kong. The Secretariat of ASEAN FLAG is also very willing to help in the preparation of the 7th SEASC. ASEAN FLAG Council Members will be invited to the HKIS Annual Dinner. LSD is also prepared to host a Land Surveyors Lunch for them.

To strengthen LSD's support to the HKIS International Committee, currently chaired by Mr. T N Wong, LSD Council has decided to set up an LSD International Committee to collect more views and to pursue more participation of our LSD members in international activities.



The Terms of Reference is being prepared. LSD representatives to the various commissions of FIG and ISPRS are encouraged to participate. Should any other LSD members wish to serve on this committee or have any ideas for the committee, please let Mr. SIU Wai-ching or me know.

The HKIS Mainland Committee chaired by the Immediate Past President, Mr. Francis Ng, was set up early this council year to promote HKIS's image and business opportunities in the mainland. Mr. Ronald Chan and I are the current LSD representatives. A goodwill visit to Wuhan and Shanghai between 22-27 October this year is being organized. The delegation comprising the four divisions' representatives to the Mainland Committee will visit Wuhan University, Wuhan City Planning Bureau, Wubei Province Survey and Mapping

Bureau, Shanghai Tongji University, Shanghai Housing and Land Resource Management Bureau, Shanghai Construction Cost Engineer Institute and the China Institute of Real Estate Appraisers. Other LSD members who are interested in joining the delegation can contact Mr. Ronald Chan.

As there are increasing needs to liaise with land surveying organizations in the mainland, the LSD Council has endorsed the setting up of an LSD Mainland Committee. The committee should be able to provide a forum for all who are currently handling or keen on land surveying mainland matters to exchange views and work together. Those who are interested in joining the LSD Mainland Committee please contact Mr. Ronald Chan or Mr. Simon Kwok. ☐



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- > Developing the Manager in You October 29 - 31, 2001
- > Management of Managers November 12 - 18, 2001
- > Competitive Marketing: Strategy & Tactics November 26 - 30, 2001
- > Effective Sales Management March 4 - 6, 2002
- > Linking Customer Satisfaction, Quality, and Financial Performance April 22 - 26, 2002
- > Value Creation through Strategic Financial Management April 29 - May 3, 2002

Singapore

- > Strategic Planning and Implementation November 26 - 30, 2001
- > Finance for the Non-financial Manager February 25 - March 1, 2002

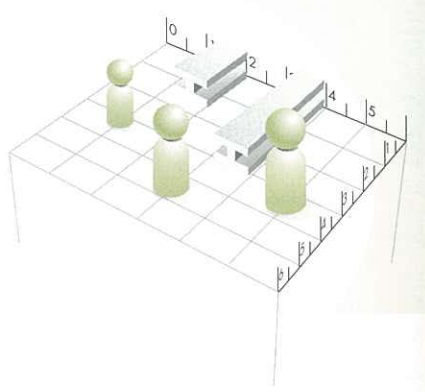
Phuket, Thailand

- > Senior Executive Leadership Program in Asia March 11 - 22, 2002

News from the **Divisions**

QUANTITY SURVEYING DIVISION

Nelson Cheng, Chairman



FINAL ASSESSMENT OF PROFESSIONAL COMPETENCE

The APC 2001 will be carried out on 14 and 15 September at the HITEC. There will be around 620 candidates attending the test. Special thanks to the organising committee members who have assisted in setting the questions and to all members who will take part in the paper assessment.

CPD

Upcoming CPD events:

- September 2001 Talk by Dr. Shen of Hong Kong Polytechnic University on a topic related to Mainland China
- October 2001 Talk by a Real Estate Investment Fund Manager
- November 2001 Talk by a speaker from Mainland China

Details of the events will be sent to all members in due course. All members are welcome to give suggestions on the topics of CPD. Please contact Mr. Honby Chan at hshchan@krcr.com. Further site visits to

the IFC at different stages of the construction and a site visit to the Cyberport Development will also be organized.

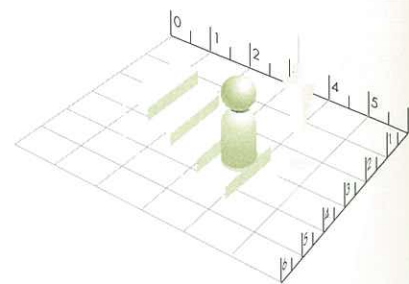
MEETING WITH NEW MEMBERS

In the last QSD Council meeting, it was proposed that a regular casual luncheon function will be organized on the second Saturday of each month at the HKIS office for young members to meet the senior members to exchange ideas and information about the profession and the HK construction industry. Attendance will be by invitation. Those who are interested in joining please contact Ms. Sandy Tang at bssandy@polyu.edu.hk.

MAINLAND MATTERS

An annual conference organized by the Works Bureau and the Ministry of Construction will be held at Kunming on 20 and 21 September.

The originally planned Xian visit in September has been deferred. Further visits to CECA and the main cities will be organized. ☐



JUNIOR ORGANIZATION

AUCTION OF VEHICLE REGISTRATION MARKS

David Wan, Chairman

One, two..., three, DEAL! In the first half of 2001, we nominated our members to 19 sessions of the Vehicle Registration Marks Auctions and completed deals for HK\$31,326,000. Thanks to all the auctioneers and we hope you all enjoyed the experience. I bet you loved the feeling on stage, creating the tension and dead silence when you counted to two!

Following the announcement in July's newsletter for volunteers in the second half of 2001, we have received over 120 applications. The following members were selected and nominated to the coming Vehicle Registration Marks Auctions:-

Date and Session		Nominations	
21 July 2001	(2:30 pm)	Wong Kin Yip, Jazz	Lau Yin Pong
4 August 2001	(9:30 am)	Sze Wan Chiu, Mark	Cheng Ka Man
4 August 2001	(2:30 pm)	Wong Oi Yee	Mok Hoi Yan
11 August 2001	(9:30 am)	Leung Chi Kwong, Marco	Lai Yuen Man
11 August 2001	(2:30 pm)	Albert Chan	Gilbert Tsang
18 August 2001	(9:30 am)	Ng Ming Chun	Cheung Siu Kin
18 August 2001	(2:30 pm)	Chan Lit Hung	Ng Chun Wei
25 August 2001	(2:30 pm)	Wong Ka Cheung, Marco	Kwan Shuk Yin
8 September 2001	(2:30 pm)	Chan Koon Hung	Tsang Yuk Chung, Edwin
15 September 2001	(2:30 pm)	Wu Yick Hung, Helen	Leung Wing Shan
22 September 2001	(9:30 am)	Chan Yuen Ling	Chan Siu Ling
22 September 2001	(2:30 pm)	Pun Ching Boon	Tsang Man Ching
13 October 2001	(2:30 pm)	Eva Shum	Kwong Yuk Wan
27 October 2001	(2:30 pm)	Yip Tsz Hong	Kar Pui Sze
3 November 2001	(9:30 am)	Tchao Shuk Man, Rosa	Leung Wing Yan, Monica
3 November 2001	(2:30 pm)	Chow Wing Shing	Lam Ting Hung
17 November 2001	(2:30 pm)	Ho Mei Sze	Leung Lik Hang
24 November 2001	(2:30 pm)	Law Sai Hong	Kwok Man Hang, Jason
1 December 2001	(9:30 am)	Chan Hon Kwan, Henry	Mok Wai Yu
1 December 2001	(2:30 pm)	Lee Kit Ying	Tang Chui Shan
8 December 2001	(9:30 am)	Lo Hoi Yin	Fung Yi
8 December 2001	(2:30 pm)	Wong Hon Man, Justin	Ivan Yu
15 December 2001	(2:30 pm)	Ho Ka Wai, Rosseter	Ma Ka Chun

For members who are not selected here, you will be kept on the reserve list. We will contact you if any of the above selected members cannot attend a session. However, this may be a last minute call therefore be prepared. Good Luck. ☑

REPORT FROM THE MAINLAND COMMITTEE

Francis Ng, Chairman, Mainland Committee

Since the formation of this Committee in early 2001, several regular meetings have been held. The following major issues are highlighted for members' information:-

MEMBERSHIP

There are two representatives from each Division attending this Committee. Furthermore, representatives from the University of Hong Kong (HKU) and the Hong Kong Polytechnic University are admitted as co-opted members.

RECIPROCITY ARRANGEMENT WITH THE CHINA INSTITUTE OF REAL ESTATE APPRAISERS

Mr. Alexander Lam of DTZ Debenham Tie Leung Limited has kindly taken up the task as the coordinator. It is understood that he had several meetings with the counterpart and has quite recently come up with a draft proposal for consideration.

LIAISON OFFICERS

Five members are appointed to be the contact person with Renmin University, Tsinghua University and the three Valuers Associations in Beijing.

VISIT TO WUHAN AND SHANGHAI

The visit is scheduled to take place from 22 to 26 October 2001. Mr. Wong Chung Hang, Ronald Chan and Edmond Yew are liaising with the Universities, Land Bureaux, Appraisers' Associations etc. It is hoped that we will have a closer link with our counterparts in these two major cities.

CHINA NETWORK

This 24-month post-graduate diploma course advocated by HKU is intended for GP and QS. It would be offered by the Tsinghua University in October 2001. We noted that graduates of this course would gain recognition by the RICS.

CONFERENCE ON SUSTAINABLE DEVELOPMENT OF LAND RESOURCES

Professor Lin of Renmin University (RU) has made the following proposals:

- (i) Four major parties, i.e. HKIS, RU, Taiwan University and the Land Bureau of Macau will participate in the Conference to be held in June 2002
- (ii) As RU was the organizer of last year's meeting in Wuyishan, HKIS should consider hosting such a major event
- (iii) The venue can be in Xiamen, Hainan Dao, Dalian, Nanjiang or Kunming.

A meeting will be held in Beijing on 21 August with the Taiwan counterpart(s). Our liaison officer will attend with a view to sort out certain logistics, i.e. the funding arrangement, registration fee, number of participants, calling, selection, editing and the publication of papers, etc. ☑

HKIS SURVEYORS ANNUAL DINNER 2001

will be held at the

J W Marriott Hotel, Admiralty, Hong Kong

on

Friday, 16 November 2001

Please mark your diary and watch out for further details separately.



Position on Solid Soil

A MISCALCULATION IN THE UNDERGRADUATE COURSE LED HIM TO A HAIR-SPLITTING PRECISION IN THE SITE SURVEYING AT CHEK LAP KOK NEW AIRPORT

Jim Yip AHKIS, MRICS, JO Editorial Board Representative



Once after leaving college, we could all easily forget what we have been told. Few like Lesly Lam can make the best use of his knowledge from the classroom into the work place.

Back in the end of 1997 when the new airport terminal building was just completed, one of the international aviation authorities asked the Airport Authority (AA) the building height of the terminal building from the ground level. The AA's land surveying unit was charged with obtaining the answer.

Standing on the vaulted rooftop that spanned across a huge size of 45 acres, the surveying team found that the measuring work was harder than was realised, as the approach from the conventional line-of-sight measuring instruments had much difficulty. No sooner had they exhausted their efforts in searching for a solution, Lesly Lam, then an APC candidate, proposed to use the GPS Real Time measurement technology, which was something still new at that time.

The job was nicely done with razor-thin accuracy. The GPS (Global Positioning system), once an advanced military application, uses the satellites to fix the latitude, longitude and elevation of points. It enables quick and accurate positioning to within a fraction of an inch. This cutting-edge technology is now used extensively in civilian projects.

Graduating in 1995 from Hong Kong Polytechnic University (HKPU)'s Land Surveying and Geo-Informatics Department - the pioneering institute in GPS study in Hong Kong - Lesly Lam's first job was with the Airport Authority's land surveying section as a junior land surveyor. He found the application of GPS technology particularly useful in this once the world's largest civil engineering project with a total investment of HK\$155bn.

"We worked on a tight schedule for the new airport. With GPS, we benefited from enormous time and cost-savings," Lesly says, "And it also rendered comfort and ease in our works." They have used the GPS to position the terminal building, the runway, and even for the open-cut installations of underground box culverts, aviation light

cables, the tunnels and many other construction items.

The work was full of fun, according to Lesly Lam. However, the physical working conditions at Chek Lap Kok were unforgiving. As Lesly recalls, just after the completion of the airport island reclamation, the whole work site looked like a desert without boundaries, and there was nothing there but construction workers. They had to endure all types of inclement weather, bumpy and muddy roads, dusty terrain and getting across many mountain-like surcharges with heavy surveying instruments.

Ironically, Lesly picked the choice of his undergraduate study by a mistake. "I was greatly influenced by Mr. C.Y. Leung. He was and is very much an icon for the surveying profession. When I made the application to the HKPU for the Land Surveying Course in 1992, I thought the course would lead me to a career exactly like Mr. C.Y. Leung," he says with a grin, "Then after two to three months into the course, I knew this wasn't to happen." Mr. C. Y. Leung is in fact a general practice surveyor and the general practice surveying course is offered by a different department in HKPU, namely, the Department of Building and Real Estate.

Despite the small oversight, Lesly has since stayed in the right course of pursuing his land surveyor dream. He even paved his own way for the pre-qualifying training experience. His first job at AA was not meant to be provided with APC training opportunity. His boss was a land surveyor from New Zealand. Someone even told him that he was not a member of RICS so he could not be qualified as an APC supervisor. But Lesly didn't give up on that and with the assistance from his boss, he wrote to HKIS and RICS for admission on APC and he subsequently got their approvals.

"We shouldn't all be too easy in giving up without a fight. Seize every opportunity as best as we can and sometimes this may mean having to be more proactive and persistent," Lesly says.

When Lesly found his training inadequate in certain areas, he was not

shy to ask for new assignments. Every time he did, he would make a proposal to his boss beforehand and lay down his detailed plans for the work and new ideas to save time and enhance efficiency. "He is a smart guy. Whenever we encountered technical problems, he could always come up with solutions," one of his former colleagues said

The land surveying division in AA had about 80 personnel and Lesly was only one of the few in the junior position with a surveying degree. "He was very popular amongst all and everyone liked him," a former colleague said.

Lesly attributed his good working relationship with colleagues to his friendly and gentle character. "Initially we were in a pretty awkward position when we joined the team. We had no work experience but we had a qualification in land surveying, while most of my team members had very strong work experience as they had been working in this field since the building of the first MTR line in the early 70s, but they did not have a qualification," Lesly says, "It was fair that they were suspicious about our abilities at the beginning. But the important thing for me was to be humble, show respect to them and to learn from them."

Lesly's flair in human management was once again seen in the Lands Department's Railway Development Section when he joined as Land Surveyor in the end of 1998. He led one team in the land surveying work for the Lok Ma Chau Spur Line. As the Line passed through Long Valley and Lok Ma Chau, they had to wade through the swarms, cut bushes and dodge snakes during their field works.

But the biggest challenge for Lesly initially enrolled in the Lands Department was cadastral survey, for which his previous knowledge in this area was quite thin. But as a team leader, he was supposed to be a master in all kinds of survey. He tackled this problem by asking his experienced team members including both his bosses and subordinates. "It is OK to ask something you don't know from your subordinates," says Lesly, "But take heart and remember the answers and don't ask the same or similar questions twice. I hate to be a blockhead who is kicked and rotates once only."

Being the eldest brother in the family, Lesly has long been trained to shoulder his responsibilities. "My father was very tough. He couldn't allow any mistakes. Therefore I had to do well and if I made a mistake, I had to find a solution to re-correct it before he noticed it."

No wonder his working motto is "nothing is impossible". He tries his

best effort to complete every task. "For a very difficulty task, I would work together with my team members and I would not let them have a feeling that they were alone on an impossible mission."

Lesly admits that he has been lucky throughout all these years to have good bosses who were willing to put trust in his work and back him up. He had many wonderful supports from his seniors such as Mr. Wong (s), Mr. Tang and Mr. Shum. Lesly doesn't wish to disclose their full names, but he thinks that they should know his greatest appreciation towards them.

Influenced by them, he has been actively involved in HKIS activities. He is currently a committee member of the Land Surveying Division and the Junior Organization. He is the CPD event co-organizer in the Land Surveying Division and frequently contributes articles to the HKIS Newsletter.



In the April issue, he reported an apocalyptic warning on the rise of sea level from a CPD speaker. "The signal of the global sea level rise brings to mind the frightening scenario of the inundation of coastal regions. Some people even picture skyscrapers emerging from the waters like sleeping flamingos standing in the

shallows of a lake." What would happen should mankind continue to ignore the effect of global warming that has already been foretold, right?

Working in the Lands Department has according to Lesly, brushed up his written English, as the job requires a large amount of correspondence. "I have a pocket-sized book to jot down all the good phrases and new vocabularies whenever I am browsing through the old files, newspapers, Internet and Blue Flimsies." And, most importantly, he always looks into a dictionary, for not only the meaning of words but also the sentence examples.

On his vision of a land surveyor's role, he says, "We need to do more works to promote our land surveyors' image in the land and construction industry. Our counterparts in Australia and Malaysia have been very successful as project managers for airports and large civil-engineering projects. I hope one day that our professional status would be rated on par with the other professionals in construction projects, in land administrative works, etc. We need to make substantial developments to safeguard the future of our profession."

In September, Lesly will be taking a Sabbatical leave for training in the UK. When his plane is taxiing off the runway, he will probably once again pinpoint each embedded aviation light on the tarmac, but this time through his eyes only. ■



Feature

HOME SWEET HOME

HOME SWEETENERS HAVE RENDERED HOMEBUYERS MORE CASH IN THEIR POCKETS

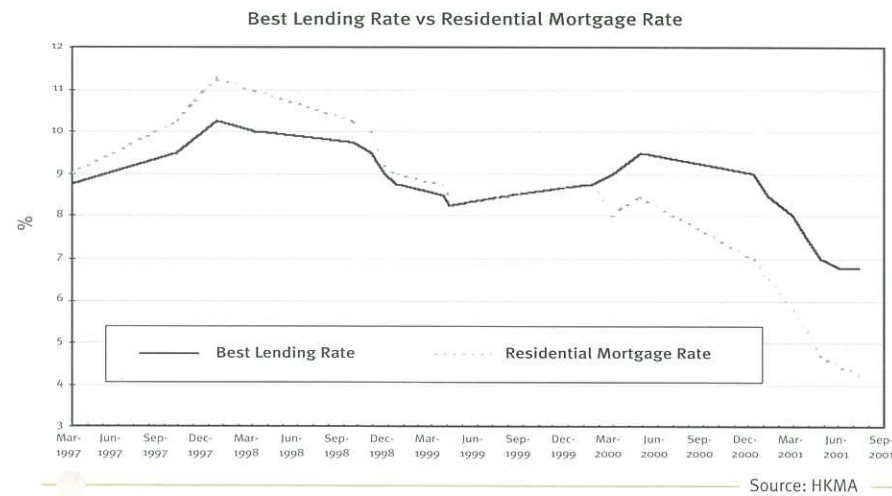
Martin Leung



For home purchase in Hong Kong, timing is important. With both our property prices and mortgage rates - the two major concerns for any property buyer, currently hovering at the bottom of the curve, the time for buying a home has never looked so attractive.

And yet, at the current sluggish market condition, homebuyers have the upper hand and can look for further discounts beyond the list price. Developers and banks have been more aggressive than in the past in giving incentives to lure buyers.

The mortgage rate is one good example. The mortgage rate was normally at the level of the prime lending rate (P) plus 2.75% before the property crash in 1997. Now it is very common that we see the mortgage rate at 2-3% below the prime lending rate. Moreover, after the six rates cut this year, or 275bps, we have witnessed the all-time low mortgage rate in 30 years.



The sales incentives, as an alternative to straight price-cutting, fall into three categories:

A) MORTGAGE RATE

Banks offer various mortgage loan products to home-purchasers, and very often, apart from the incentive mortgage rates, cash rebates (5-8% of the home loan) are also offered. If a mortgagee takes a higher percentage on cash rebate, then his mortgage rate will also be higher.

TABLE 1: EXAMPLES OF THE MORTGAGE RATES OFFERED BY THE BANKS

Banks	Terms
Dao Heng	1st year at P-5%, and thereafter at P-2.3%
Citibank	At P throughout the whole term plus 6.5% cash rebate
Wing Hang	At P-2.25% to P-2.3% throughout the whole term
DBS Kwong On	At P-2.25% or a 6% cash rebate with mortgage rate for the first three years at P and thereafter at P-2.25%
Citic Ka Wah	At P-2.25% or a 7% cash rebate with mortgage rate for the first three years at P and then thereafter at P-2.25%

B) CASH REBATE

There is an increasing trend for both the developers and banks to work together and offer a mortgage subsidy scheme in the form of a cash rebate on the mortgage loan.

TABLE 2: EXAMPLES OF CASH REBATES ON MORTGAGE LOANS

Developments	% of cash rebate on loan
Tung Chung Crescent, Tung Chung	7%
Ocean Shores, Tseung Kwan O	12.5%
Sea Crest, Tuen Mun	18%
Le Village, Happy Valley	15%
Nob Hill, Lai Chi Kok	8%

C) SECOND MORTGAGE AND PAYMENT SWEETENERS

The first mortgage only provides a housing loan to buyers of up to 70% of the sales price.

To lure more buyers, most of the developers have also provided mezzanine finance up to 15 - 25% of the flat price in their sales plan. Buyers, who have been hindered by the 30% upfront payment, may find it much more easier to enter into the market.

In fact, with a second mortgage of up to 25% of the home price and a minimum of 7% cash rebate on the mortgage loan provided by the banks, property buyers are now virtually free from forking out the upfront payment.

Besides offering a second mortgage, developers also throw in sweeteners to alleviate the monthly mortgage burden for buyers. Some developers offer a 48-60 months' payment waiver including interests for the second mortgage. To entice demand from up-graders, some developers even offer to bear the buyers' monthly payment on the first mortgage for one year.

TABLE 3: EXAMPLES OF MORTGAGE SWEETENERS OFFERED BY DEVELOPERS

Developments	Payment Sweeteners
Montebello, Kowloon City	2nd mortgage: 60-month waiver or 1st mortgage and 2nd mortgage together: 12-month wavier
The Belchers, Western District	2nd mortgage: 48-month waiver
Laguna Verde Phase 5, Hunghom	2nd mortgage: 42- 48-month waiver or 1st mortgage: 18-24-month waiver or 1st mortgage and 2nd mortgage together: 10-15-month wavier
Island Resort, Siu Sai Wan	2nd mortgage: 24-month waiver
Oscar by the Sea, Tseung Kwan O	2nd mortgage: 18-month waiver

Besides the above incentives, developers may offer special discount to target specific group of buyers, such as eligible applicants on the Home Starter Loan or HOS scheme."

The overall effect of the sales incentives to homebuyers is:

- 1) A further price discount
- 2) Less upfront payment and initial mortgage payment

CONCLUSION

The market has now gone into "zero" upfront payment for new property sales. With the continued dogfight amongst banks in the mortgage market and the weakening US economy which will almost guarantee for further rate cuts later in the year, the day for "zero" mortgage rate will not be too far and is probably just round the corner.

If you have any comments, please e-mail to Martin Leung at imartin@netvigator.com



Co-ordination and Design Development

Brian E. Rawling, Brian E. Rawling & Associates

Design is the domain of the architect and his consultants, at least it used to be.

Traditionally the employer's design brief was translated by the architect and his consultants into the building which, after an approval process involving outline plans, mock-ups, refinement and detailed design was to be built.

This traditional approach has changed and for building services and specialist trades, the architect and his consultants now need the expertise of main contractors and subcontractors to finalise co-ordination and detailed designs, good for construction.

Many developers and, indeed, some government authorities consider that it is beneficial to the project if they make a main contractor ultimately responsible for co-ordination and/or design development. Where such obligations are specified in a contract as being carried out by the main contractor and/or a subcontractor then such obligations should be consistent with the requirements of the Buildings Ordinance [Cap. 123].

Therefore, it is essential that a contract clearly spells out the main contractor's co-ordination and design development roles and each subcontract (nominated or named) should clearly spell out each subcontractor's role in the co-ordination and design development process.

THE BUILDINGS ORDINANCE [CAP. 123]

The Authorised Person, the Registered Building Contract and Specialist Contractors each have obligations under the Buildings Ordinance [Cap. 123], which they cannot contract out of.

It is therefore essential to check that the contractual requirements are the same as the obligations under the Ordinance as, otherwise, the contractual requirements would be overridden by the Ordinance.

CO-ORDINATION OF BUILDING SERVICES AND BUILDER'S WORKS

It has long been considered by the developers and consultants that the main contractor is best placed to co-ordinate the building services, one with another, to achieve economical building services installations with ease of maintenance and satisfactory appearance (where exposed) and performance. Building services co-ordination is to ensure that all of the services are installed in the spaces designed by the consultants to house them without causing conflict, one service with another.

Another aspect of building services co-ordination is the builder's work in connection with building services installations. Most contracts call for shop drawings to be prepared by subcontractors and co-ordinated services drawings and co-ordinated builder's work drawings to be prepared by the main contractor. Such drawings are issued to the architect and/or building services consultant for review, comments, rejection, resubmission and, finally, approval.

In this manner, the builder's work in connection with building services is detailed and co-ordinated with other works and this should be done at any early stage so that the works can be built with the correct builder's work provisions.

As building service installations became more sophisticated and the number of services increased then the role of the co-ordinator became greater and more complex.

CONFLICTS

Co-ordinating building services, one with another, in the spaces designed by the consultants to house them is one thing but what happens when that space is too small and whatever building services arrangements are made, they will not fit that space?

The main contract should provide guidance for speedy and economical resolution of such conflicts.

Many contracts also require the main contractor to co-ordinate building services with the design of the base building. The obligation related to the base building is usually and best limited to notifying the architect when there are conflicts, the space is too small or there are other co-ordination problems. It is the architect who has translated an employer's brief into the building under construction and it is not advisable to allow main contractors to decide solutions to conflicts which may result in material parts of the building design being changed; e.g. increasing widths of corridors, lowering ceiling heights and relocating services routes.

Where the design of the base building has to be altered, or a building service re-routed, it

is advisable that this is instructed by the architect as, under the Buildings Ordinance [Cap. 123], it is the Authorised Person who has to obtain the Building Authority's approval for changes to the previously approved general building plans.

Building services co-ordination will only be effective if there is one authority responsible for it. In this respect, each subcontractor should be made responsible for preparing shop drawings for their own works and builder's work in connection. In addition, each subcontractor must also yield to the main contractor's requirements for co-ordination. The sole authority for co-ordination for building services should, therefore, be the main contractor.

The reason for such co-ordination is to identify conflicts and problems at an early stage so that the solution is achieved by pen rather than by jackhammer. However, this early identification of problems also means that the building services design has to be developed at an early stage, so that when the structure is built, provisions can be made for the builder's work and built in items.

The bullet points for co-ordination of building services installations are therefore:-

1. The main contractor is made responsible for co-ordination of building services one with another. He should not be permitted to sublet this work unless it is to a specialist in co-ordination who will co-ordinate all the building services;
2. Each subcontractor is made responsible for preparing shop drawings for its own installation and for amending such shop drawings for co-ordination purposes;
3. If the main contractor is also made responsible for identifying conflicts between the building services and the fabric of the building then this is to be spelt out in the contract and the procedure for resolving such conflicts should be stated.
4. Timing is to be dealt with by asking the main contractor and subcontractors to show activities for co-ordination, comments, rejections, resubmissions and approvals on their programmes.
5. A specified period of time should be stated

for the architect's comments/ approval of any co-ordination submissions.

VARIATIONS

Under most contracts, a change to the design of a building or a building service arising from resolution of a building services conflict would constitute a variation with resultant cost and time implications.

SPECIALIST WORKS - DESIGN DEVELOPMENT

Specialist works often involve contractor design or, more usually, contractor design development as the architect has already decided such things as aesthetics and the overall design criteria. The outstanding design work is usually to enable specialist works to be constructed, built or installed and for such work to perform satisfactorily. This means, contractually, that the main contractor is ultimately responsible for such design development. It is therefore a good idea for main contractors to have in house staff experienced in these specialists works so that the main contractor can knowledgeably monitor design development, the progress thereof, preparations, procurement, offsite fabrication and finishes, delivery and installation.

In deciding the project team at the tender stage, tenderers should ascertain the design development requirements, and a tenderer who makes a positive submission for hands on monitoring will have an advantage over a tenderer who does not have this in house ability.

INTERFACES

A subcontractor may be able to develop the design of his own works but what about the interfaces with other elements, particularly where another subcontractor is developing the design of that other element.

If a main contractor is to be made responsible for co-ordinating interface design development then that needs to be clearly spelt out in the contract, including the criteria for dealing with conflicts and incompatible interface details. Again, the architect is better placed to deal with interface design conflicts and incompatibilities, as he should know what he wants from a performance and aesthetic

point of view. In this respect, it is a waste of time and money for a main contractor or a subcontractor to have to propose several alternative solutions, all feasible, but all in turn rejected by the architect because they were not what the architect wanted.

Therefore, where a main contractor is to be responsible for design development, including resolving interface details, it should be clearly spelt out in the contract. In addition, the contract should also spell out the criteria or process for resolving design conflicts or incompatible interface details and how such problem solving solutions are to be dealt with under the contract (variation or contractor's risk).

SHOP DRAWINGS

Design development is often accomplished by the preparation, issue, review, comments, rejection, resubmission and acceptance of shop drawings prepared by a subcontractor.

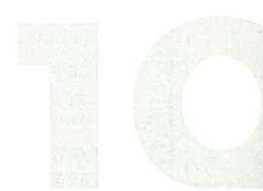
The requirement for shop drawings should be clearly spelt out in the main contract and each subcontract.

Without such requirements for design development being set out in a contract, under most standard forms of contract, an architect is responsible for issuing design information good for construction.

If the contract specified that the main contractor (and his subcontractors) are responsible for design development, then the design criteria provided by the architect should still be adequate for such design development to be carried out to produce a fully co-ordinated overall design. If it is not, and the design criteria has to be changed, or is incomplete, then there will be a variation(s).

FITNESS FOR PURPOSE

Some contracts state that the design development to be carried out by the main contractor (and his subcontractors) is to arrive at a finished product for that element of the building, which the element is to be fit for the purpose.



A design obligation of fitness for purpose is more onerous than the usual reasonable skill and care obligation because the main contractor and his subcontractor(s) have to find out the purpose of the element for which they are developing the design and then design the solution irrespective of any design criteria provided by the consultants.

There are reasons why a fitness for purpose obligation should be specified for contractor designed elements. The usual design obligation of an architect or consultant is to use reasonable skill and care but their relationship with the developer is different to that of a main contractor or subcontractor. At paragraph 2.105 of Hudson Building and Engineering Contracts, 11th Edition, there are reasons why an employer should have a higher design standard from a contractor than that from his consultants. Such reasons include the competitive pressure on a contractor to 'design down' standards of quality, durability, ease of maintenance, and the like, whereas an architect or consultant does not have these competitive pressures and, if anything, the obverse occurs as their remuneration is a percentage of the final value.

The obligation of reasonable skill and care allows some human error and it would be totally unacceptable for a developer to be faced with accepting a building with defects on the basis that it was the best that a contractor could design using reasonable skill and care.

Further, there would be a question of who would pay for rectifying a design prepared using reasonable skill and care which did not meet fitness for purpose requirements.

INDEPENDENT CHECKERS

Where a contractor is responsible for design (for instance piled foundations) a provision is often included in the contract that the contractor's design is to be checked by an independent authority before being submitted to the architect or his consultants for their approval.

An advantage of this is that there is another authority introduced to check design proposals. A disadvantage is cost.

CONCLUSIONS

Each new contract should be drafted to set out an employer's requirements for design

development, contractor design, co-ordination and the like. There are many combinations and most will have time and cost implications. The requirements of the Buildings Ordinance [Cap. 123] should also be reflected in the drafting of these provisions.

This may sound obvious but it is surprising how many times these requirements are misunderstood and not properly co-ordinated thereby leading to disputes when an architect imposes unspecified requirements on the main contractor and/or its subcontractors.

For a tenderer to be able to price a design or co-ordination obligation, the tender documents should set out the developer's requirements in what is often called design criteria. Generally, the earlier that this criteria is provided, the better, as a main contractor will, almost certainly, programme ample time for design development and co-ordination meaning that subcontractors have to be appointed at a very early stage so that such obligations can be performed timely and in a fully co-ordinated manner.

For further information please contact bera@netvigator.com

Feature

Feature

DESTROYING THE PURPOSE OF Bills of QUANTITIES

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



I have recently had cause to consider the various clauses inserted into the conditions of contract by employers that are intended to prevent the contractor from raising claims arising from the misinterpretation or misapplication of the applicable standard method of measurement.

These claims, normally for items omitted from the bills of quantities or errors in the description of items already contained therein, most commonly (at least in Hong Kong) arise in civil engineering contracts and they are the subject of much criticism by authors of leading textbooks. None more so than the learned author of Hudson's Building and Engineering Law, Mr. Ian Duncan Wallace, who extends his dislike of such claims to a dislike of bills of quantities in general.

Perhaps predictably one of the contracts most strongly drafted to prevent claims arising from the bills of quantities is the Singapore Institute of Architects Conditions of Contract drafted by Mr. Duncan Wallace himself. The relevant clauses provide:

"... the items and rates and prices separately set out in the Bills shall be treated as inclusive of all work, materials and expenditure, whether permanent or temporary, which will be either indispensably necessary in any event to complete the works as described in or to be inferred from the Drawings, Specification, Bills or other Contract Documents ..."

"Any suggestions or recommendations or requirements in the Standard Method for the separate description and pricing of individual items of work or work-processes shall have no contractual force, and any omission of the Bills to comply with the same shall be of no effect

where the full extent of the work undertaken by the Contractor can be deduced or interpreted from the Specification, Drawings, Bills or other Contract Documents taken as a whole as being included in the items set out in the Bills pursuant to paragraph (a) of this sub-clause as being included in such items."

Closer to home the KCRC West Rail contracts include an item at the end of every bill of quantities (or Cost Centre in KCRC terminology) for 'Contractor's Other Charges'. These are defined in the contract as follows:

"Contractor's Other Charges inserted in the Pricing Document shall cover items which are necessary for the execution of the Works, as required by the Contract, which have been omitted from or have not been separately itemised in the Cost Centres and/or Schedule of Rates nor listed against the headings 'Coverage Rules' in the Methods of Measurement nor included in the AAMM (additions and amendments to the Methods of Measurement) and for which a separate charge is required." and

"... In the event that the Contractor has not inserted any Contractor's Other Charges in respect of any Cost Centre, the Cost Centre value of such Cost Centre shall be inclusive of all the Contractor's obligations to execute that part of the Works ... and the Contractor shall not be entitled to receive any further or additional payment in respect of such ..."

Both the clauses in the Singapore conditions and the KCRC conditions have the effect of denying the contractor the right to claim for items omitted from the bills of quantities, although in the KCRC contracts this is only the case for lump sum bills, not remeasurement bills.

If there are items omitted the contractor is deemed to have allowed for such items in the other rates in the Singapore conditions and deemed to allow for such items in either the item for contractors other charges or in the other rates in the KCRC conditions.

But whilst these provisions do successfully negate claims for items omitted from the bills of quantities do they really benefit the employer for whom they are written? In my opinion they do not. Rather than benefit the employer they prejudice him because the effect of clauses such as the ones detailed above, is to destroy the whole purpose of the bills of quantities, and the functions of the bills of quantities benefit both the contractor and the employer equally. Bills of quantities serve four important functions.

- Tender preparation. A detailed bill of quantities assists a contractor to prepare an accurate tender in a timely and cost efficient manner.
- Tender assessment. The bill of quantities enables the employer to decide realistically whether it can afford to proceed with the works, and, secondly, permits a detailed examination of the tenders received and a meaningful comparison between them to be made.
- Interim and final payment. In contracts where there are no bills of quantities the assessment particularly of interim payments can be a very tiresome and difficult exercise. With bills of quantities it



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Programme Information Session

Speaker : Mr Tony Y. F. Ma, Programme Director, UniSA Date & Time : 15 September 2001 (Sat), 2:30pm
Venue : ACC109, 1/F, SCE Tower, HKBU, Baptist University Road, Kowloon Tong.

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becomes simple and straightforward.

- Valuation of variations and deemed variations. The bills of quantities provide rates that can be used for the valuation of variations. The use of such rates is important for both the employer and the contractor because the rates represent the bargain entered into between the parties.

However, are these functions still achieved when the Singapore and KCRC provisions are applicable and a tendering contractor is deemed to have allowed in its rates for all the works shown on the drawings whether measured in the bills of quantities or not?

Tender Preparation - the contractor's tender preparation is made more complex by the knowledge that the items in the bills of quantities are not the comprehensive measurement of the works and that he must re-check the bills of quantities himself for any items that may have been omitted. Consider, for example that the bills of quantities do not include an item for a retaining wall shown on the drawings. If the contractor notices the omitted retaining wall he will allow for it in other rates in the bills of quantities, generally in rates which are to be used to value works carried out early in the job. If the contractor does not notice the omitted retaining wall no

allowance for such works will be made in the tender. In either event this creates a problem for the employer.

Tender Assessment - taking the above example, if the employer does not know where, or even whether, the contractor has allowed for the retaining wall, this makes tender assessment and comparison with other tenders impossible and meaningless.

Interim Valuation - If it is not possible for the engineer to know what the contractor has allowed for in each rate then how can he properly carry out interim valuations of the works completed on the basis of such rate? Using the above example the contractor may have included the cost of the omitted retaining wall in the rates for works carried out in the first month whilst the retaining wall may not be constructed until years later. The contractor will therefore be paid early for the works and this could in the event of the contractor's bankruptcy cause significant problems for the employer.

Valuation of Variations - Similarly, if the engineer does not know for certain what is allowed for in each rate how can he use those rates for the valuation of variations? More importantly, if an item (such as the above example of the retaining wall) which is not

measured, but 'deemed to be included', is omitted, how can such omission be valued? All conditions of contract require that works omitted be valued "...at the rate stated in the contract for such works...". If there is no rate stated in the contract for such works (because they are deemed to be included elsewhere) then no sum in omission is possible.

Put simply it is my opinion that steps taken to avoid civil engineering measurement disputes that place the risk for items omitted etc on the contractor are short-sighted and that whilst they ostensibly place the risk on the contractor they do in reality prejudice the employer for whose benefit they are written.

A far simpler and more effective means of negating claims in respect of items omitted is to ensure that the bills of quantities are measured in accordance with the standard method applicable, and that they are measured as accurately as possible on the information available at tender time.

Unfortunately this simply solution does not appear to be the solution of choice for employers who are often guided by their legal advisers, who do not properly understand the function of bills of quantities, when drafting their contracts. ❏



PARTNERING: A DREAM?

Barry J Piper, MRICS, AHKIS, MACostE, DipArb, FCIArb, AAE Accredited Mediator
Associate Director and Head of Asia Dispute Resolution Group, Faithful&Gould

INTRODUCTION

At times, conflict seems the one enduring feature of the construction industry with the only winners being the lawyers and claims consultants.

THE NEED FOR CHANGE

In the UK, Latham and others have identified the need to re-examine contract conditions and attitudes, seen in Latham's promotion of

what is now the Engineering and Construction Contract ("ECC"). Closer to home Grove and Tang also recognised the need for change.

For the many folks in the industry, who adopt the 'it's in the contract' approach, contracts have become a shield against change and flexibility, which ultimately acts to the detriment of the project. Again, it is easy to manipulate contracts, imposing unrealistic and unfair risk allocation between the client and contractor. Few drafting skills are required to fix the contract under design and construct with full fitness for purpose both in regard to the client's identified needs and those, which might emerge later!

However, is such an approach fair? Similarly, is it appropriate to let the contractor proceed on a price, which the client's own consultants have assessed as too low? During the last few years, so called guaranteed maximum price and turnkey contracts have been much in vogue with risk adverse clients who want price certainty without responsibility. Top this with the contractor's keenness to buy work and the stage is set for acrimony when and if things begin to go wrong and the scope for re-negotiation extremely limited.

Although sometimes derided by lawyers, the ECC requires the employer, the contractor, the

project manager and the supervisor to act "in the spirit of mutual trust and co-operation" with the adjudicator "in a spirit of independence" has its heart in the right place. The ECC seeks to address the problem inherent in traditional contracting of a lack of cooperation between the parties by strengthening incentives for cooperation. For instance when problems are brewing, attendees at an early warning meeting must cooperate "in making solutions that will bring advantage to all those who will be affected".

With subcontractors, the under recognised and frequently abused powerhouse of the industry, the ECC allows the Project Manager to prevent any subcontracting unless the subcontract conditions "include a statement that the parties to the sub-contract shall act in the spirit of mutual trust and co-operation". Clients and contractors who have used the ECC are often enthusiastic converts and sing of its praises - although I would caution you of its prescriptive nature, but more of that another time.

However well intentioned or structured, contracts cannot thrive in the void and require a mature workforce freed of some of the overriding prejudices of the past. Even if clients can evolve and become collaborative, the Quantity Surveyor who arrives on site spoiling for a fight, knowing the job is probably a one-off for the particular client must become a character in the industry's superseded folklore if waste is to be eliminated. Hence, the value of partnering as the expression of changed attitudes.

PARTNERING

Partnering exhorts parties to work closely and cooperatively rather than as adversaries. It is a cultural export from the US through large corporations, such as Shell and ExxonMobile and into the likes of British Nuclear Fuels Ltd (BNFL), BP and Marks & Spencer. It is with these and some of the blue chip Hong Kong companies that I have and continue to have my most experience of partnering.

Partnering can take a number of forms:

- long-term relationships between clients and contractors which endure for a number of projects
- similar long-term relationships between contractors and subcontractors and suppliers

which endure for a number of projects

- one-off project specific alliances put together at concept stage or after the construction contract has been awarded.

Partnering presupposes:

- a genuine commitment to making it work which pervades all management layers
- the interests of all the participants must be properly recognised and a balance sought between competing interests
- the development of trust and a genuine desire to achieve solutions beneficial to all rather than the promotion of strictly personal gain

Partnering cannot be achieved in the void without a visible commitment. On most projects we have organised multi-lingual partnering workshops as part of the project set-up to address the development of:

- a partnering protocol or charter which, although legally non binding, should influence mindsets and identify goals
- an issue resolution process to ensure that disputes and disagreements are resolved early by the correct management and in a non destructive way so as to maintain project equilibrium
- joint evaluation process to assess how well the project objectives are being met

Other benefits include:

- better project documentation due to the involvement of the contractor and subcontractors in the design process
- improved site management methods and project coordination, leading to improvements in safety, design and purchasing
- the substantial reduction of conflict as a cost factor by the solving of problems as they arise, and the sharing rather than secretive hoarding of information
- increased potential for developing more effective performance measures, stemming from the commitment to continuous improvement
- making the project more fun for those involved, with everyone a stakeholder in its success

- an improved image for the construction industry
- reduced risks and uncertainties with a consequent diminution in attritional attitudes and point scoring at the expense of others

- better communication where letters do not assume the status of hand grenades to be lobbed routinely at the opposition

ITS DOWNSIDE

Cynics say you cannot change human nature from its traditional 'every man for himself' approach. However, from my experience the collaborative approach is more readily espoused in the Far East than in the West. The Chinese have always considered the resort to dispute as the last step, signifying that the relationship between the disputing parties can no longer be harmonised. Resort to dispute results is loss of face, and discussion and compromise are always to be preferred. Over the time I would suggest the concept of maintaining the relationship and, therefore, face, has become a part of the Chinese dispute resolution system.

Partnering is not a magic cure for all projects or even all problems on any one project. First, it does not always work. Amongst the reasons why it can come to grief are that:

- one party or even some folks none party are not genuinely committed to it
- the parties stop the informal contact because it is time consuming and there are no problems that currently need attention
- the parties actually do not share the so-called common objectives that were identified in the Partnering Charter
- the parties have expectations of the process that are too high and can't be met

In addition, partnering has potential risks and downsides. For example:

- it requires time and money to be invested to make it work, which may not make sense on a small value project

OUTLOOK ON THE HONG KONG PROPERTY MARKET

Peter Reichenbach
Chief Investment Officer, Gottardo Asset Management (HK) Ltd



Over the last few years the property markets in Hong Kong went through rather difficult times. Property prices were pressured by a combination of declining demand due to business closures and economic contraction, as well as an environment of record high supply, with soaring vacancies and tumbling rents (refer to graph 1).

Properties in Hong Kong can be broadly divided into office, factories and residential properties. Investors' interest is normally focused on the office and residential markets, which leads us to concentrate our coverage on those two markets.



Graph 1

Source: Datastream

The office property market can be seen as segmented into a number of sub-markets. Those markets are Central, Admiralty, Wan Chai, Causeway Bay, Island East and Tsim Sha Tsui. Since the beginning of this year, demand started picking up across these markets with the exception of Tsim Sha Tsui. The bulk of the demand goes through Central, driven primarily by the financial service industry. Since this industry (lawyers, accountants, insurance companies and banks) appears to be more capable of adapting to the uncertain economic climate, Central seems to play the lead amongst the other sub-markets. As such, Hongkong Land's 11 Chater Road should dominate the supply in 2002. The next significant supply of quality office space in Central is the International Finance Centre 2, known as the Mega Tower. Premium negotiations for this project have now been concluded and construction has begun since mid-2000 with completion in two phases in the fourth quarter of 2002 and going through to the third quarter 2003.

Wanchai, as the closest geographically to Central, does not attract many financial industry tenants. It has always only been able to take the overspill from Central, either when rents or a lack of supply (or a

combination of both) have forced people out of Central. While HongKong Land dominates Central, Hysan has the say in Causeway Bay. Hysan is normally able to offer a range of buildings at a competitive price especially when the market is tight. In terms of ownership, Wan Chai is a relatively well spread market. In fact, users of the buildings in Wan Chai and Causeway Bay are generally less demanding than their counterparts in Central. As decentralisation and economic hardships occurred, many of those in Wanchai or Causeway Bay switched into new space created in Island East which was (and still is) offered at relatively more competitive rates.

Tsim Sha Tsui has performed the worst in recent years amongst the sub-markets. This trend is likely to continue going forward. Wharf kept prices high throughout 1999 and as a result, lost out on Island East, where Swire's aggressive pricing poached the share of the available market for good quality and reasonably priced space. Due to the sheer amount of available space, the Tsim Sha Tsui market is likely to underperform the other sub-markets in the short-to-medium term. In the long run, it seems that the position of Tsim Sha Tsui trading at a premium to Island East will not continue. Similarly there is virtually no new supply forthcoming in the short term. It has been argued that the effects of an improving economy will help to take up the space.

With grade A space in the Central market filling up, we would expect a progressive reduction in vacancies in the sub-markets. Admiralty/Wan Chai has back-filled relatively quickly with Causeway Bay following on next. This manifests itself as the natural property cycle in Hong Kong. The change in this cycle has been the maturing of the Island East market into the recipient of significant demand flows due to its exposure to technology and telecom companies. All of the other markets will benefit from the small amount of supply in the next few years. And whilst most of the supply is in Central, the overall effect of new supply will be very limited because the incremental increase in existing stock is so small. The pattern of vacancy will be quite fractured with Central and Island East most likely performing best, Admiralty/WanChai then taking some of the overspill but Tsim Sha Tsui, carrying high levels of vacancy, would require more time to come.

- confidentiality can be lost and there is a possibility that sensitive information could be passed onto the competitors
- contractors can be lulled into a false sense of security thinking it would be counter-productive to notify claims because it might upset the relationships
- it is difficult to apply in some project situations, such as where an employer places as much risk as possible onto the contractor whilst expecting and/or market forcing a contract sum that does not allow for the risks to be adequately priced
- a partnering clause or agreement refuses to divide responsibility between the parties - since partnering is after all co-operative; yet clauses in the substantive contract are essentially divisive, stating the responsibilities of the contractor and those of the employer
- in a truly competitive tender, contractors will often seek information as to the methods proposed by competitors, and use such information to investigate optimum design / construction systems; in a partnering situation, perhaps fewer options are considered and the optimum system may be overlooked
- clear danger that complacency may dull performance relative to the traditional contracting environment
- if the contractor's input to the employer's goals is likely to be limited, then construction of the works otherwise than under a strictly competitive tender is unlikely to yield a short-term benefit to the employer
- the relationships and understanding necessary to enable parties to take a pragmatic view of the upsides and downsides of partnering are unlikely to be realised in short term relationships
- if the shared goals are not being met, then it will be difficult to maintain goodwill and co-operation as a blame culture is likely to develop
- the parties forget that partnering is but a management tool
- whilst a partnering arrangement may allow KPI's being set up satisfactorily, KPI's, more often than not, indicate "better value" rather than "best value"
- the goodwill gestures expressed in many partnering charters are often no more than statements of intent, at best uncertain and at worst may conflict with the underlying contract requirements
- to ensure that efforts of the partnering team continue towards the agreed objectives, the employer will need to commit high calibre staff for long periods
- minimising changes in the partnering team is an important aspect of developing the intended trust and working relationship, however, the contractor's best and most ambitious staff may not wish to commit to such long-term arrangements
- the contractor's and employer's staff will need to understand and embrace the concept of partnering for the objectives to be met; therefore, the team selection will encompass not only the usual management and technical skills but also exceptional adaptability and teamwork skills
- any apparent conflict will need managing by staff of unusually high calibre and integrity to resolve matters in the spirit of partnering should conflicts develop beyond the team
- the method of remuneration for the contractor has a tendency to be less clear than in more traditional contractual relationships
- from my experience employers expect in the first instance, the contractor to absorb a proportion of additional costs in partnering relationships; a stance that can lead to a breakdown of the necessary trust and co-operation
- although partnering is designed to create harmony within the team, the proper formalisation of the agreement between the parties remains an essential part of the procurement of contracts under the partnering process. The recent English case of Birse Construction Ltd. v St David's Ltd. is an example of how a failure to formalise the terms of a specific contract, even though

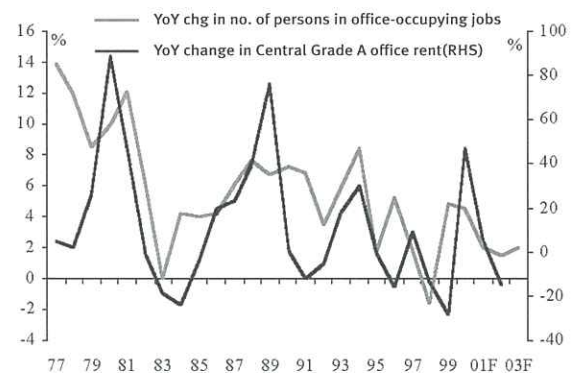
a partnering agreement exists, can result in disputes

- the Contractor seeking ways of redressing ill-apportioned or ill-balanced risk during the contract thus defeating a principle objective of partnering
- the objectives of partnering can rarely be achieved without the involvement of all significant suppliers and sub-contractors in the procurement chain
- conflicts with the law and enforceability - a paper in itself which I shall return to in subsequent articles
- in my view partnering should generally be used to obtain the best value multiple projects. Frequently employers wrongly use partnering for one-off projects where there is no incentive to commit to the 'partnering' relationship because of the very short-term nature of the agreement
- over reliance on others at the expense of preserving one's own interests
- contractors and consultants may be perceived as too closely tied to a particular client to the detriment of working with rival clients
- erosion of competition in public sector contracts
- introducing partnering too late in the project cycle

CONCLUSION

On successful projects, goals are worked out in advance, there has been sensible risk assessment and the parties adopt a collaborative rather than attritional style. If the project is under-funded, and one or more of the parties are aware of this fact, and the risk is not appropriately apportioned the seeds are sown for future discontent and warfare. The key is open and trustworthy communication from both sides, greater sharing of knowledge for the common good and less emphasis on treating each project as a one-off.

But above all don't forget to adhere to the provisions of the underlining contract as well. ■



Graph 2 Source: SG Securities

Although the pace of recovery in rents in the Central district has moderated, the lack of new supply of Grade A space over the year ahead will continue to set a positive tone to the market (refer to graph 2).

The generally more positive outlook has also been confirmed by last year's share buyback by HongKong Land. "We have been saying we need to get the gearing up for some time, and this is a quick and straightforward way of doing that," said Nick Sallnow-Smith, HK Land's Chief Executive in an interview. It can be safely assumed that HK Land would not opt to buy back shares in an environment where rents and asset values are expected to drop dramatically.

While the office market is more sensitive to the overall economic environment, the residential market normally gets an injection of new life whenever rental returns match or exceed the mortgage rate. In very simple terms this happens whenever monthly rental payments exceed the monthly payments for a 20-year mortgage. (refer to graph 3)



Graph 3 Source: SG Securities

And indeed the residential property market has been improving slightly over the last couple of months.

Jones Lang LaSalle: "The primary residential sales market was relatively active in June. There was slightly more demand for medium to large units compared with the previous months. Cheung Kong reportedly sold over 320 units in Ocean Vista in Hung Hom. The development, being the fifth and last phase of the Laguna Verde project, has a total

of 785 units. Stimulated by the competitive financial terms offered by developers in conjunction with banks, there were moderate increases in the number of units sold in the Belcher's in Pokfulam and Island Resort in Chai Wan compared to previous months."

Following the recent interest rate cut, some banks are offering mortgages at prime minus 2.625%, or 4.875%. Such a trend is expected to be sustainable on the back of further US interest rate reductions.

Several factors are currently influencing the residential market; the low cost of capital and the comparatively high rental returns. This suggests at least from a historical point of view an imminent surge in property prices. Up to now, prices have recovered but there are no signs of any surge in property prices. With the decline in prices affordability also improved and even from the supply point of view there is not a huge number of new properties coming onto the market in the foreseeable future. So why are residential property prices not going up as strongly as one would expect in a normal cycle?

We believe three key factors are at work: Firstly, we are currently going through a period of deflation (prices are generally falling) which in the past was not the case - inflation rates of 5-8% was the norm (with a subsequent annual increase in salaries). Secondly, the unemployment rate is running high and availability of jobs is poor, hence consumer confidence remains depressed. Thirdly, investors are still concerned that although rents for residential properties are still comparatively high, a further downward adjustment could reduce future rental returns.

Where to go from here?

We believe that the combined effects of a possible recovery in the Hong Kong economy (led by a recovery in the US economy), China's entry into the WTO and the continued growth of the financial services industry and the technological sector will keep demand for grade A office space firm. We would recommend investors to concentrate on high quality assets in Central, where demand remains resilient and space limited despite HK Land's 11 Charter Road and the Mega Tower. As an alternative to buying actual properties some of the property investment companies offer good yields and are trading at a discount to their net asset value (Great Eagle, Swire Pacific or HK Land).

For residential properties we remain cautious as we think rents still have to fall further. Once rents start to bottom and visibility for an economic recovery improves we would be buying into the high end of the residential property market. We do not expect prices for mass residential properties to turn around any time soon. A pick-up in investment and upgrade in demand should also benefit major property developers. Historically property developers consistently outperformed the Hang Seng Index in a declining interest rate environment. We would be buyers of the two key players, Cheung Kong and SHK on weakness.

For further information please contact Peter Reichenbach at 2248 6860 or at peter.reichenbach@gottardo.com

Feature

MARCH ACROSS THE BORDER

A VISIT TO THE SHENZHEN LAND AND REAL ESTATE EXCHANGE CENTRE

Jim Yip, AHKIS, MRICS, Senior Financial Research Analyst, Asia Financial (Securities) Ltd.



I became a last-minute replacement on the 34-strong contingent of HKIS to visit the Shenzhen Institute of Real Estate Appraisers on 27 July 2001. One caveat for this: I wrote a journal on the most interesting event of the day.

The climax of the day's events definitely went to the visit of the newly established Shenzhen Land and Real Estate Exchange Centre. Inside its big and brightly-lit hall, there were rows of seats in front of a big video screen, which was wired, and displaying lines of scrolling text. Some tickers on the screen occasionally flashed red. Without some explanation, we would have thought it was a stock exchange center.

This place was in fact a real estate exchange centre; part of the Shenzhen Land and Real Estate Exchange Centre, designated for the sale of completed properties. Property sales particulars are displayed through the exchange centre's official website or the big screen. Interested buyers can meet the property owners at the exchange centre to negotiate the sales price. No transaction fees or commissions are charged either to the owners or sellers.



Apart from acting as a market place, the exchange centre provides comprehensive after-sales services such as title registration, notary, deeds and stamp duty payment and bank mortgage advisory services. Fees would be charged on these services.

One premium service provided by the real estate exchange centre is the "stake withholding service" to protect the buyers' interest in the secondary market sale. Money paid by the buyer will be stake-held into the centre's accounts and it will only be paid to the vendor when the procedure for land title transfer is cleared and tax deeds are paid. Although such practice is quite different from our Hong Kong experience, it is actually a major breakthrough in the Shenzhen property market under the existing legal framework. Again this service is free of charge.

The Shenzhen Land and Real Estate Exchange Centre, which is under the control of the Shenzhen Land and Planning Administration Bureau, aims to facilitate the sales activities in the secondary market. By providing a one-stop property transaction service, with most of the services being offered free of charge, it hopes to boost the confidence of buyers in the secondary market.

After visiting the real estate centre, we went to the land auction hall, which is just right next door. Compared with Hong Kong's Tsim Sha Tsui Cultural Hall - the Mecca for our land auctions, it is very small and could only house a maximum of 200 people.



But it is an all-day facility for land transactions and a computer screen is installed at the backdrop of the land auction hall so that we can read information regarding land sales and bidding prices. A request for further information is just a button-click away.

In a move to regulate the land sales market and to make transactions more transparent, a new law was enacted at the beginning of this year which stipulates that all sales of land in Shenzhen, irrespective of whether they are owned by the state or private individuals, must be carried out in the Shenzhen Land and Real Estate Exchange Centre. The law has stamped out the practice of private treaty sale and negotiation behind close doors in land transactions.

For the coming highly publicized land auction of a large development land in Overseas Chinese City, an area close to the Window of World theme park, it will take place in the land auction hall. Market rumor has it that one Hong Kong big developer offered for the whole site at a

price higher than the preliminary valuation of the Shenzhen Government but was kindly rejected.

On the other hand, the new law permits the sale of development lands, which were previously sold to developers and developers have failed to complete constructions. As the sale of land prior to the completion is forbidden under the old law, the new policy change is believed to give a new lease of life for the vacant sites held by delinquent developers.

There are three land disposal methods operated by the Shenzhen Land and Real Estate Exchange Centre i.e. auction, tender and advertised sale. All land sales must be advertised to the general public 30 days in advance.

The advertised land sale method is something similar to the E-Bay bidding mechanism. The land would be sold to the last highest bidder at the lapse of the bid. Bidders can also make their bids via the centre's website.

A 2% transaction fee on land values is levied and borne by the land vendor.

Since the opening of the Land Exchange Centre in March, five land lots were sold with total revenues of Rmb517 mn. The biggest land sale was a piece of residential land with a gross floor area of 214,800 sq.m. in Taimuisha area, close to Yientien Port, which was sold in July for Rmb406 mn, or at an accommodation value of Rmb1,925 p.s.m.

Residential sales in Shenzhen were strong in 2000, with a total of 5.57 million sq.m. of gross floor area sold. Assuming an average unit size of 100 sq.m., this would represent about 55,700 residential units being purchased - not a small figure.



The Shenzhen Government has been working on policies to stimulate the secondary property market. Since 1 August 1999, the property sales tax (5% on sales prices) was dropped for residential properties. The capital gains tax (20% on price increment) is expected to be abolished at the end of this year.

Without these two tax items (believed to make up 10% of the sales price), private owners will have greater incentives to sell their homes and improve the market liquidity in the secondary market.

The Shenzhen Government was also the first local government to abolish the restriction on the sales of properties between domestic and foreign buyers. Previously, properties for domestic sales were banned for sale to foreigners without paying a land premium. The Shanghai Government only announced a similar move last month.

However, works still need to be done on the bank's mortgage policy towards the secondary market. Unlike the 20-year payment term that is very common in the first-hand market, the mortgage term in the second-hand market only extends for 10 years, which is still a hurdle for the less financially capable buyers.

With a strong domestic economy, rising aspirations for homeownership and favorable government housing policy, the Shenzhen property market will look for another good year in 2001.

On departure of the Shenzhen Land and Real Estate Exchange Centre, I had the gut feeling that we would soon return to this auction hall, possibly later this year and witness once again the much-missed land battle amongst the Hong Kong big developers. ❏



Source: Shenzhen Statistic Yearbook

Surveyor's Surf



SURVEYOR'S SURF

Stephen Chung, Zeppelin Real Estate Analysis Limited



e) <http://www.stats-sh.gov.cn/intro/text.htm> and <http://www.stats-sh.gov.cn/eindex.htm>

These sites are actually one with the text part introducing the goals and work of the Statistical Bureau of Shanghai. It offers some statistics on Shanghai for public reference while the rest is for subscription members. The related agencies can offer consulting services as well.

f) <http://www.szhome.com/realestate/main.htm>

This site offers real estate market information and data on Shenzhen. Not only will you find market news and information on individual buildings and projects, the related planning policies and the like are included as well. Also, it features a map information section where maps of various types, such as topographical, city-level, town-level, planning, and even aerial ones, can be viewed. It is mostly in simplified Chinese.

g) <http://www.hku.hk/hkcer/monograph.htm>

This site belongs to the Hong Kong Center for Economic Research of the University of Hong Kong. It features a list of some of the studies the center has been involved and which can be acquired upon a small payment. Topics are wide-ranging e.g. open skies (air traffic), telecommunications, environmental concerns and the like. It is useful for those with a data and research need.

h) <http://www.foundationsoftware.com/home.htm>

This site belongs to a commercial company involved in facility management (FM) software. While different organizations will require different FM software with different levels of sophistication, and these can range from very economical to very expensive, the site offers a simple version for free trial download. This is ideal for those who wish to acquire a brief sense of what FM means and involves, especially in other countries.

Frustrated with internet searches and search engines that tell you something like "98,354,021 webpages match your requirements"? Well, either you are a lousy key word user OR their search mechanisms are being too admmissive. What to do then? Simple, you have the following choices:-

1. Search again with another set of key words and/or search engines. Probably there will be some improvements such as having only "9,835,402 webpages match your requirements" (hey, don't complain, the number of webpages has shrunk 90%).
2. Buy an expensive \$\$\$\$ Data-Mining Software (but is it worth it? You are only trying to search for hobbies whatever that means).
3. Look up ALL 98,354,021 webpages = it will take a while though = say 15 seconds on uploading and screening each webpage = 15 sec x 98,354,021 webpages = oh, just 17,075 days (or 46 years roughly).
4. Give up. ❏

In case some of you are still pondering, the author for one is certain the internet is here to stay, just like the radio and TV, so start experiencing it. Why? Imagine for a moment that all of a sudden the internet is gone = no more portals, no more contents (useful or otherwise), no e-mails, no ICQs, no yahoos, no amazons, no nothing. For starters, parents will find kids and teenagers who don't know what to do with their now 'spare' time (you see, they have no one to 'talk' to), professors will find students not being able to hand in assignments AT ALL because 'research' had meant surfing the net (library, what library?), and business executives will have a few more days to submit the 500-page report ("oh, it's on its way in the [postal] mail"). Except for the latter, it could bring a nightmarish scenario. Hence, before this happens, hypothetically that is, visit the sites below, download whatever you can, and then buy some paper-manufacturing company stocks.

a) <http://www.wto.org/>

The author doubts if it is necessary to explain what WTO stands for given its regular mention in the media (in case you really don't know then go visit the site. By the way, how did you manage to enter our profession?). Perhaps it is prudent to get to know the organization a bit more in detail e.g. it has some 142 member countries (as of 26 July 2001) thus making an application to become a member or getting trade agreements an extremely cumbersome task.

b) <http://www.economy.com/freelunch/default.asp>

This portion of the site is called "Free Lunch" and is part of www.Economy.com. It offers thousands of data series for free (no lunch though). Admittedly, not all of these are useful for real estate and building professionals, though they may be handy for obtaining a general understanding of other economies.

c) <http://www.dismal.com/>

This site is also part of Economy.com and here they concentrate on economic analysis on the world's major economies. It also offers some tools for evaluating one's stocks and portfolio, or to rank various countries and cities (USA) by GDP etc.

d) <http://www.beijing.gov.cn/english/index.htm>

This site offers some basic information on the City of Beijing, the host city to the 2008 Olympics Game, ranging from economy and industrial policies to glimpses of traffic and city living. It is ideal for gaining a preliminary impression of the city.

INTERNATIONAL YEAR OF VOLUNTEERS

Chan Hak, Senior Vice-President

Year 2001 was proclaimed to be the International Year of Volunteers (IYV) by the General Assembly of United Nations in November 1997. An Organizing Committee for the event has been set up under the auspices of Agency for Volunteer Service. Our Institute is a member of the Organizing Committee. A Universal Declaration on Volunteering has been made and the Organizing Committee would like this to be published for information of member institutes with a view to promoting and calling for members' support to the Declaration.

THE UNIVERSAL DECLARATION ON VOLUNTEERING

Volunteering is a fundamental building block of civil society. It brings to life the noblest aspirations of humankind - the pursuit of peace, freedom, opportunity, safety, and justice for all people.

In this era of globalization and continuous change, the world is becoming smaller, more interdependent, and more complex. Volunteering - either through individual or group action - is a way in which:

- human values of community, caring, and serving can be sustained and strengthened;
- individuals can exercise their rights and responsibilities as members of communities, while learning and growing throughout their lives, realizing their full human potential; and,
- connections can be made across differences that push us apart so that we can live together in healthy, sustainable communities, working together to provide innovative solutions to our shared challenges and to shape our collective destinies.

At the dawn of the new millennium, volunteering is an essential element of all societies. It turns into practical, effective action the declaration of the United Nations that "We, the Peoples" have the power to change the world.

This Declaration supports the right of every woman, man and child to associate freely and to volunteer regardless of their cultural and ethnic origin, religion, age, gender, and physical, social or economic condition. All people in the world should have the right to freely offer their time, talent, and energy to others and to their communities through individual and collective action, without expectation of financial reward.

We seek the development of volunteering that:

- elicits the involvement of the entire community in identifying and addressing its problems;
- encourages and enables youth to make leadership through service a continuing part of their lives;

- provides a voice for those who cannot speak for themselves;
- enables others to participate as volunteers;
- complements but does not substitute for responsible action by other sectors and the efforts of paid workers;
- enables people to acquire new knowledge and skills and to fully develop their personal potential, self-reliance and creativity;
- promotes family, community, national and global solidarity.

We believe that volunteers and the organizations and communities that they serve have a shared responsibility to:

- create environments in which volunteers have meaningful work that helps to achieve agreed upon results;
- define the criteria for volunteer participation, including the conditions under which their organization and the volunteer may end their commitment, and develop policies to guide volunteer activity;
- provide appropriate protections against risks for volunteers and those they serve;
- provide volunteers with appropriate training, regular evaluation, and recognition;
- ensure access for all by removing physical, economic, social, and cultural barriers to their participation.

Taking into account basic human rights as expressed in the United Nations Declaration on Human Rights, the principles of volunteering and the responsibilities of volunteers and the organizations in which they are involved, we call on:

All volunteers to proclaim their belief in volunteer action as a creative and mediating force that:

- builds healthy, sustainable communities that respect the dignity of all people;
- empowers people to exercise their rights as human beings and, thus, to improve their lives;
- helps solve social, cultural, economic and environmental problems; and,
- builds a more humane and just society through worldwide cooperation.

The leaders of:

- all sectors to join together to create strong, visible, and effective local and national "volunteer centers" as the primary leadership organizations for volunteering;
- government to ensure the rights of all people to volunteer, to remove any legal barriers to participation, to engage volunteers in its work, and to provide resources to NGOs to promote and support the effective mobilization and management of volunteers;
- business to encourage and facilitate the involvement of its workers in the community as volunteers and to commit human and financial resources to develop the infrastructure needed to support volunteering;

- the media to tell the stories of volunteers and to provide information that encourages and assists people to volunteer;
- education to encourage and assist people of all ages to volunteer, creating opportunities for them to reflect on and learn from their service;
- religion to affirm volunteering as an appropriate response to the spiritual call to all people to serve;
- NGOs to create organizational environments that are friendly to volunteers and to commit the human and financial resources that are required to effectively engage volunteers.

The United Nations to:

- declare this to be the Decade of Volunteers and Civil Society in

recognition of the need to strengthen the Institutions of free societies; and,

- recognize the "red V" as the universal symbol for volunteering.

IAVE challenges volunteers and leaders of all sectors throughout the world to unite as partners to promote and support effective volunteering, accessible to all, as a symbol of solidarity among all peoples and nations. IAVE invites the global volunteer community to study, discuss, endorse and bring into being this Universal Declaration on Volunteering. Adopted by the international board of directors of IAVE - The International Association for Volunteer Effort at its 16th World Volunteer Conference, Amsterdam, The Netherlands, January 2001, the International Year of Volunteers. 

UPDATE OF GOVERNMENT PRACTICE NOTES

Department	Practice Note/Reference#	Description	Date	Home Page
Works Bureau	Technical Circular no. 16/2001	GEO Checking Certificate for Slopes & Retaining Walls.	1 Aug 2001	www.wb.gov.hk
	Technical Circular no. 15/2001	Fee Proposal for Consultancy Agreement - Lump Sum Fee and Summary Breakdown of Lump Sum Fee.	3 Aug 2001	
	Technical Circular no. 14/2001	Emergency Incident Reports from Works Departments to Works Bureau.	27 Jun 2001	
	Technical Circular no. 13/2001	Quality Management System Certification of Consultants and Contractors for Public Works Administered by the Works Group of Departments.	8 Jun 2001	
	Technical Circular no. 12/2001	Safety Training for Department Staff and Resident Site Staff.	4 Jul 2001	
Town Planning Board	Ref.no. TPB/G/ADM/436	Application Form for Application for Permission under Section 16 of the Town Planning Ordinance (CAP131).	27 Jul 2001	
Lands Dept.	Practice Note no. 5/2001	Information Technology and Telecommunications Industries in Industrial Premises.	18 Jul 2001	www.info.gov.hk/landsd
Civil Engineering Dept.	GEO Technical Guidance Note No. 5	Geoguide 2 - Guide to Site Investigation Updated. Appendix B: Sources of Information.	6 Jun 2001	www.info.gov.hk/ced/eng

Please note that the above Practice Notes can be downloaded from the corresponding home page.

CHINA INFRASTRUCTURE PROJECTS NEWS OF < TDCTRADER.COM >

If you wish to source information on infrastructure related projects in various provinces of Mainland China, you can go into < tdctrade.com > and look up the page on "Infrastructure Projects" under China Trade Column.

STUDY ON HOW OTHER ECONOMICS PROMOTE THEIR INFRASTRUCTURE SERVICES IN CHINA

The Hong Kong Trade Development Council has commissioned the subject Study and the final report released in July 2001 is kept in the HKIS library. You are welcome to read or borrow from the library.

HONG KONG HOUSING SOCIETY QUALITY FIELD PRACTICES VOL. 1-4

We have received an overwhelming response to The Housing Society's first four volumes of Quality Field Practices VCDs (details found with "Surveying", August 2001 issue).

Members who have sent in their application forms are hereby notified to collect or make arrangements for the collection of the requested copies of the VCDs from the HKIS office after 8 October 2001 by simply identifying themselves and signing an acknowledgement or receipt at the reception desk. Please be informed that no further notice will be issued.

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