



23 August 2011

By Fax (2840 0569) & Post

Financial Secretary's Office
5/F, Central Government Offices, Main Wing
Lower Albert Road
Central
Hong Kong

Dear Sirs,

Re: Policy Address 2011/12

Thank you so much for arranging the Policy Address consultation meeting for the professional institutes on Friday, 12 August, 2011.

On behalf of the Hong Kong Institute of Surveyors (HKIS), I have much pleasure in submitting the surveyors' views on issues which are paramount to foster a healthy real estate and construction sector as well as political and economic development of the HKSAR.

A. Building safety and sanitation

1. Compulsory flat sale and purchase report

In view of the recent public and social concerns on illegal extensions and unauthorized building works (UBWs), we would urge the Government to review its control mechanisms and staff resources to better supervise and monitor the situation so as to ensure building safety and sanitation are not impaired in Hong Kong.

HKIS considers a **compulsory flat sale and purchase report** will be one of the solutions for abating of UBWs in the property market in the long term. This system will involve a number of parties, including the regulators, banks, potential buyers (owners) and property owners, to obtain the information about a property which is undergoing a transaction. Based on the information in the report, relevant parties in the transaction could take necessary decision or action. With reference to some overseas practices, the availability of a professional report on the building conditions in relation to the property before a transaction is a mandatory reference document in a transaction. The banks may require a further report on land and planning matters relating to the building. As such, we would urge the Government to



implement a scheme of having a professional report, namely a compulsory flat sale and purchase report, for all property transactions. The report should include the building safety and sanitation conditions, identification of unauthorized building works, and alterations, as well as the surveyor's assessment on the severity and implications of the unauthorized works. At the same time, the Government should strengthen its public education and promotion on the control of UBWs.

By providing more information about the property, the scheme would enhance the transparency of property transaction. The availability of a professional report would also strengthen the confidence of property purchasers and investors in the properties they wish to purchase or invest. The report would also help banks or insurance companies to come up with a more reasonable mortgage plan according to the conditions of the property. The report will be especially helpful to all parties involved in the property transactions of a New Territories Exempted House (NTEH).

We also believe that a professional report would become a useful record of the UBWs in Hong Kong. The report as a record of properties would allow the Government to have a more comprehensive picture on the UBWs in Hong Kong and would facilitate its actions to curb unauthorized works.

2. **Sub-divided flats**

The recent death inquest for the fire blaze at sub-divided flats in Ma Tau Wai once again aroused public awareness on the health and safety living environment in unauthorized sub-divided flats. We understand that there is a social need for sub-divided units and their provision in existing residential buildings is technically and legally feasible if properly designed and constructed. With a view to providing a safe environment for their occupants without compromising the health and safety living of their neighborhood, the Government should consider a "**Review Scheme**" to evaluate and regulate the existing sub-divided flats, aiming to ensure their compliance to all relevant safety standards and regulations. Similarly for the future sub-divided flats, we would urge the Government to monitor them by either simplified statutory procedures with approval of alterations by the Buildings Department, or a Minor Works Control System (Class I) with supervision of the project under an Authorized Person.

Recent news coverage has also revealed the proliferation of sub-divided residential flats in industrial buildings. This is of imminent urgency. Sub-divided flats in industrial buildings pose a higher degree of potential hazards to the lives of the occupants due to its risk nature.



The Government should consider various means to control and curb unauthorized use of industrial buildings for residential use as a matter of urgency.

B. Land sale and land management

3. Housing policy and land sale arrangement

We consider that a long-term and **sustainable** housing policy is vital in maintaining a stable land supply to meet with the long-term housing need. Therefore, while the Administration may review and adjust the program of land sales by auction or tender from time to time to match with the change of the economic environment, especially in view of uncertain economic prospects, the adjustment should not be too excessive so as to avoid the undesirable effect of too much or too less housing supply after about three years when development projects are completed.

We would like to reiterate that HKIS fully support regulating sale of first-hand residential properties by legislation, and using Saleable Area as the only area description for residential properties in both price list and sales brochure given there is no unified definition of Gross Floor Area.

On the issue of the proposed re-launching of the Home Ownership Scheme, HKIS has submitted a letter to the Transport and Housing Bureau on 17 September 2010 offering our views on home ownership subsidy. Copy of the said letter is attached for your easy reference. In short, housing subsidy should be allocated based on the need and financial situation of the recipients rather than based on ballot which is purely a luck mechanism.

HKIS is also of the view that housing policy and land policy should be well co-ordinated through the establishment of a cross-bureau unit with support from relevant Government departments/offices. We also suggest that an advisory body with relevant professionals, academics and stakeholders be set up to provide advice to such a cross-bureau unit on housing and land policy.

4. Determination of land boundaries

An effective land boundary system supports sound land governance of Hong Kong by enabling an identification of the extent of land parcels with certainty. It is utmost important to know the exact boundaries of the property as it protects the rights and interests of the property owners.



We support the Government the enactment of legislation for determination of land boundaries, in order to administer the leased and un-leased land, control land use and formulate policies for planning and land development. It is essential for the Government to carry out its duties with certainty of land boundaries.

The provision should best be incorporated in the Land Survey Ordinance (Cap 473) such that the standard and control of relevant professional are already in place.

5. Establishment of Cadastre system

To facilitate the public and other professionals to access of relevant land boundary information, we urge the Government to consider establishing a cadastre system in Hong Kong.

The cadastre is a record of land right supplementing the current land registration system in Hong Kong. There are various ways in which details about the land may be recorded, reflecting the diverse ways in which land can be viewed. Broadly speaking, there are two approaches, one focuses on its legal aspects while the other concentrates on its fiscal or resource potentials. The former, namely, land registration or the land book system, concentrates on the abstract rights associated with the land. The latter is the cadastre and often contains more evidence about the physical size and shape of areas, and data on land values or land use.

One of the key elements in the cadastre is cadastral map or plan which serves two purposes – to locate areas of land and to provide information about each area. It is able to provide details about a single parcel of land in support of a land book entry or to show all the parcels within a designated area and thus act as an index to help identify each one of them relative to the others.

C. Project developments

6. Resumption of building works projects

We are supportive to the implementation of the 10 major infrastructure projects which offer a lot of opportunities to practitioners in the construction and real estate sector. Despite of these developments, we have noticed that the implementation of other building works projects has slowed down. Some building works projects have been postponed until further notice. Construction professionals, who are



mainly involved in the building works projects, including surveyors, were seriously affected. We would like the Government to consider a more balanced development between the infrastructure projects and the building works projects.

7. Cost administration and management

It has been well proven in building works projects that cost administration carried out by independent quantity surveyors received better results in cost control and management. Quantity surveyors are trained experts in cost planning and management. Considering the independent role of quantity surveyors, we urge the Government to review the current system of cost administration in civil engineering projects, and consider adopting the system which has been used in building works projects. This will enhance cost-effectiveness in the long run.

D. Sustainable development of Hong Kong

8. Care for young generation

Surveying professionals have always played their parts to maintain a healthy and stable development of the construction and real estate sector. To uphold the standard of the industry, a sustainable development plan for our younger generation in an organized manner is highly recommended.

The institute believes "Nurture the Youth, Create the Future". As a professional entity, we urge the Government to commit all-rounded support and care to the development of our young professionals. To nurture the youth to become the foundation of our society, we would plead the Government to devote more resources to the surveying discipline organized by recognized tertiary institutions to train the young people who are interested in becoming surveying professionals through education. Adequate resources should be deployed to the universities to ensure a steady supply of well-trained new generation of surveyors.

In order to let the young people to translate their academic knowledge into practice, it is definitely helpful if the Government would encourage private firms to organize internship programs or on-the-job training for surveying graduates by offering financial subsidies. To best utilize of the well-trained graduates and let them contribute to the society, progressive opportunities of career development for young surveying professionals are called for both public and private sectors.



It is necessary to bring in the views and opinions of our younger generation, as well as their participation in time of formulation and implementation of long-term strategies and policies. We believe early and progressive involvement of young generation would better identify and meet the future needs of the society.

9. Promotion of business and professional services

We identify the Government with its continuous efforts to facilitate our professional services to gain access to the Mainland market. Hong Kong's professional has long been recognized on its high professional and services standard. We believe the Government should reach out and help promote further to other countries and regions on our business and professional services.

The above gives only a broad outline of those issues that we, as property and building professionals consider as important and urgent for a better society, and that we surveyors are in the best position to offer assistance. We sincerely hope that these ideas and proposals will be further explored with your Policy Secretaries. We are more than pleased to share our views with you, please contact Ms Natalie Yu on 2526 3679 if you require more information or would like to set up a brief discussion meeting on the above proposals.

Thank you for your attention.

Yours sincerely,

Wong Bay
President

Encl.

cc The Hon Patrick Lau, Legislative Councillor (Fax no.: 2147 9155)
Secretary for Development (Fax no.: 2845 3489)
Secretary for Environment (Fax no.: 2537 7278)
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