

**Construction Industry Council**

**Committee on Construction Procurement**

Meeting No. 003/16 of the Committee on Construction Procurement (Com-CPT) was held on Monday, 12 September 2016 at 2:30pm at Meeting Room No.1, CIC Headquarters, 15/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

Summary Notes of the Com-CPT Meeting No. 003/16:

<b>Agenda Item</b>	<b>Paper</b>	<b>Major Resolutions / Progress Highlights</b>
-	-	Members welcomed new Co-opted Member, Mr. KU Chi-ming, representative of the Construction Site Workers General Union, replacing Mr. CHUNG Ling-so who has quit the Union and resigned from the Com-CPT.
3.1	CIC/CPT/R/002/16 (for discussion)	<b>Confirmation of the Progress Report</b> Members confirmed the Progress Report of the previous meeting held on Thursday, 23 June 2016.
3.2	CIC/CPT/R/002/16 (for discussion)	<b>Matters Arising from the Previous Meeting</b> (a) <u>Item 2.2(d)</u> - Prof. Y. H. CHIANG of the PolyU was invited to present his research findings on “No-Saturday-Site-Work” under Agenda Item 3.5. (b) <u>Item 2.4</u> - No further comment from Members on the proposed establishment of the Task Force on RMAA Procurement since the last Com-CPT meeting; the proposed scope, terms of reference and members composition of the Task Force was endorsed accordingly. The CIC Secretariat will further consult the Com-CPT Chairperson to identify a suitable candidate to take on the role of Task Force Chairperson. (c) <u>Item 2.6(g)</u> - Mrs. Jennie AU YEUNG of the ICAC tabled a paper containing detailed information on the corruption trend in the construction industry for Members’ information.
3.3	CIC/CPT/P/008/16 (for discussion)	<b>Amended Operation Framework of CIC Research Fund and Proposal of Research Agenda</b> Members took note of the amended operation framework of CIC research fund and the proposed research agenda to be pursued by Com-CPT. Members were also invited to provide suggestions for other potential research areas after the meeting.

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		[Post Meeting Note: Suggestions were received from Members and were passed to the Task Force on Research for their further consideration.]
3.4	CIC/CPT/P/009/16 (for discussion)	<p><b>Nomination for Member of Task Force on Research</b></p> <p>Members took note and agreed to the nomination of Ir C. C. CHAN to represent the Com-CPT at the Task Force on Research as Member. Ir CHAN also represents the Com-CSY at the Task Force.</p>
3.5	- (for information)	<p><b>Presentation of the Research on “No-Saturday-Site-Work”</b></p> <p>Prof. Y. H. CHIANG of the PolyU gave a presentation on the findings of his research on “No-Saturday-Site-Work”. It was concluded from the research findings that “No-Saturday-Site-Work” may not be feasible to be implemented in the local construction industry in the short term. Instead, it was noted that focus should be placed on enhancing workers welfare, wage security and career prospects to attract manpower to the construction industry.</p> <p>[Post Meeting Note: Com-CPT Member Ms. Eliza WONG expressed that developers were happy to explore with other concerned parties on feasible ways to enhance workers welfare and improve site conditions.]</p>
3.6	CIC/CPT/P/010/16 (for endorsement)	<p><b>Reference Materials - NEC Case Book: Improvement of Fuk Man Road Nullah in Sai Kung</b></p> <p>Members endorsed in principle the NEC Case Book subject to the inclusion of a foreword to be appended to the Case Book clarifying the following:</p> <ul style="list-style-type: none"> <li>- The benefits and limitations of NEC are still under evaluation and that the current experience of NEC is by no means conclusive.</li> <li>- It should be stated that the Case Book was prepared by the DSD and represented the views from their perspective.</li> </ul> <p>[Post Meeting Note: A foreword incorporating the comments was drafted by the CIC Secretariat and was accepted by the Chairperson of the Task Force on NEC Collaborative Contracts on 29 September 2016. The Case Book with the foreword would be published on the CIC website subject to no further comments from the Council.]</p>

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3.7	CIC/CPT/P/011/16 (for endorsement)	<p><b>Reference Materials - Standard Form of On-demand Bonds with Conditions</b></p> <p>Members deliberated on the propriety of publishing the Standard Form of On-demand Bonds with Conditions (“Standard Form”) by the CIC. Mr. Danny HUNG of the HKCA expressed concerns that the publication of the Standard Form may be seen as an endorsement of the on-demand bond practice from the CIC, which HKCA opposes. Members generally agreed that the practice of on-demand bond is undesirable, nonetheless it remains a not uncommon practice found in the construction industry. The publication of the Standard Form as a fair and equitable option to other forms of on-demand bonds would still benefit the construction industry as a whole.</p> <p>Members suggested that to avoid sending out the wrong message, guidance notes should accompany the Standard Form to expressly state that on-demand bonds are not encouraged; and that there are other ways to ensure contractor performance, as detailed in a previous publication on the same subject by the CIC. The CIC Secretariat would consult the Task Force Chairperson on the drafting of the guidance note for further endorsement by the Com-CPT at its next meeting.</p>
3.8	CIC/CPT/P/012/16 (for information)	<p><b>Update on Subcontractor Registration Scheme (SRS) Operations</b></p> <p>Members took note of the Report on SRS Operations. It was highlighted that four registered sub-contractors involved in the lead in drinking water incident were subjected to regulatory action of suspension from four to nine months.</p> <p>Members took note of the new representative of the Construction Site Workers General Union, Mr. MA Shek-kam (馬錫金先生) at the Management Committee of SRS, replacing the recently resigned Member Mr. CHUNG Ling-so.</p>
3.9	-	<p><b>Any Other Business</b></p> <p>(a) <u>Progress Update of the Task Force on Standard Contracts Provisions for Domestic Subcontracts</u> - Members noted that the Simplified Standard Form of Domestic Sub-contract (“Simplified Form”) was drafted and had been circulated for Task Force Members’ comment. Task Force Chairperson acknowledged that the current Simplified Form remained a lengthy document and might not meet the expectation for a document of few pages in length. He conceded it was not easy to strike a delicate balance between comprehensiveness and simplicity of a contract document while satisfying the needs</p>

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		<p>of different stakeholders. He further proposed and Members agreed that the present Simplified Form could serve as a revised version of the published Standard Domestic Sub-contract for more complex works; and to engage a legal consultant to draft another bare-essential simplified version.</p> <p>(b) <u>Progress Update of the Task Force on Enhancements to Subcontractor Registration Scheme</u> - Members noted that in the short to medium term, the Task Force would explore ways to increase support of the SRS from quasi-government organisations such as URA or local universities. Regarding the implementation of mandatory SRS in the long term, an academic research was proposed to be conducted under the CIC research funding framework.</p> <p>Members took note of the updated membership of the Task Force.</p> <p>(c) <u>Progress Update of the Task Force on Selection of Contractors</u> - Members noted that except REDA, who was unable to nominate a representative to the Task Force, other invited organisations had nominated their representatives and the appointment letters would be sent out in due course. The first Task Force meeting is scheduled on 3 October 2016.</p>

*Remarks: The mentioned papers discussed at the Committee on Construction Procurement and the full progress report can be made available to Council Members from the CIC Secretariat upon request.*