

Construction Industry Council

Committee on Procurement

Meeting No. 001/12 of the Committee on Procurement was held on Monday, 16 April 2012 at 3:00 pm at Meeting Room No.1, 15/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

The following items have been discussed at the Com-PCM Meeting No. 001/12:

Agenda Item	Paper	Major Resolutions/ Progress Highlights
1.1	CIC/PCM/R/004/11	Confirmation of the Progress Report Members confirmed the Progress Report of Meeting No. 004/11 held on 23 November 2011.
1.2	CIC/PCM/R/004/11	Matters Arising from the Previous Meeting – <u>Item 4.4(c) – Letter from the Hong Kong Federation of Electrical and Mechanical Contractors (HKFEMC)</u> Members noted that the CIC Secretariat had issued an invitation letter to the HKFEMC on 25 November 2011 inviting their nomination of representative. Mr Kai-yin IP was nominated by the HKFEMC and attended meeting nos. 004/11 and 001/12 of the Task Force on NEC Collaborative Contracts. <u>Item 4.5(b) – Categorisation of the CIC documents</u> It was reported that currently there was no update on this issue and the CIC Secretariat would keep Members informed of the latest development of the re-categorisation exercise if any. It was agreed to proceed with the drafting of Guidelines which were under preparation in accordance with the current categorisation. <u>Item 4.6(c) – Consideration to explore “Issues on Risk Sharing”</u> The CIC Secretariat was reviewing the Terms of Reference and Membership of the Task Force (TF) on Contract Price Fluctuation System (CPFS) with the TF Chairman. Details were discussed under

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		<p>agenda item 1.7.</p> <p><u>Item 4.7 – Electronic Tendering</u> CLP Power Ltd (CLP) and MTR Corporation Ltd (MTRCL) had kindly agreed on sharing the electronic tendering experience and practices with Members of the Committee on Procurement (Com-PCM). Further details were discussed under agenda items 1.9 and 1.10.</p> <p><u>Item 4.10 – Procurement Factsheet</u> The CIC Secretariat would prepare a template of factsheet for Members to provide input and information.</p>
1.3	CIC/PCM/P/001/12	<p>Progress Report of Meeting No. 003/11 of the Task Force on Competition Law</p> <p>The TF supported the Competition Bill in principle. Major views and concerns discussed in the TF meeting were incorporated into the submission for the summary of views and concerns of the construction industry on Competition Bills to the Legislative Council (LegCo).</p> <p>Members also took note of the possibility of organising a workshop to enhance understanding of Competition Law with the industry practitioners in Hong Kong. The workshop would likely to be focused on the possible implications of Competition Law for the local SMEs.</p>
1.4	CIC/PCM/P/002/12	<p>Submission to the Bills Committee for the Summary of Views and Concerns of the Construction Industry on Competition Bill</p> <p>It was reported that after clearance by the Committee on Procurement (Com-PCM) and the Committee on Administration and Finance as advised by the Council, the submission for the summary of views and concerns of the construction industry on Competition Bill had been issued to the Bills Committee on Competition Bill of the LegCo on 28 March 2012. It was currently pending response/feedback from the LegCo.</p>

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1.5	CIC/PCM/P/003/12 CIC/PCM/P/004/12	<p>Progress Reports of Meeting No. 004/11 & Meeting No. 001/12 of the Task Force on NEC3 Collaborative Contracts</p> <p>(a) <u>Progress of the Task Force</u> Common pitfalls and solutions, local and overseas experience in the application of NEC were shared by members in previous TF Meetings. The TF would also provide an updated project list on local NEC contracts in due course.</p> <p>The CIC Secretariat would invite Mr Keith KEOWN to share his paper titled “Is Hong Kong Ready for NEC?” which won a prize in the Society of Construction Law Hong Kong Competition at the next TF meeting.</p> <p>(b) <u>Technical Forum on NEC3 Collaborative Contracts</u> The Technical Forum on NEC3 Collaborative Contracts was successfully held on 7 March 2012. The TF Chairman gave heartfelt thanks to Members and all for their support to the event. Some questions from the floor were being consolidated for the preparation of referencing materials in the form of FAQ or procurement factsheet.</p> <p>The concern on the sub-contracting arrangement in relation to the adoption of NEC3 collaborative contracts would be addressed at the future meetings of the TF.</p>
1.6	CIC/PCM/P/005/12	<p>Progress Report of Meeting No. 004/11 of the Task Group on the Selection of Consultants</p> <p>(a) <u>Progress of the Task Force</u> Drafting of Guidelines on the Selection of Consultants (SCT) was in progress. Final review and editing of the draft would be required to avoid overlapping of content as well as to ensure consistency. After completion of edition and comprehensive review by the TF and the Task Group on SCT, the draft Guidelines would be submitted to the Com-PCM for comment.</p> <p>As a new member of the Com-PCM, Mr Paul CHONG expressed interest in joining the TF and its TGs as a member, and it was accepted by the Com-PCM.</p>

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1.7	Verbal Report	<p>Report of the Task Force on Contract Price Fluctuation System</p> <p>(a) <u>Technical Seminar on Contract Price Fluctuation System (CPFS)</u> The Technical Seminar of CPFS was successfully held on 21 March 2012. Chairman of the TF thanked various stakeholders of the industry for their support to the captioned technical seminar.</p> <p>A question about the issue on indices was raised from the floor by the Hong Kong Construction Association. After much discussion, it was decided that any feedback on the issued guidelines could be considered in its future update.</p> <p>(b) <u>Issues on Risk Sharing</u> TF Members had generally agreed to narrow down the topics on risk sharing to one or two areas for further review and investigation by the TF-CPFS. The Terms of Reference and Membership of the TF were currently under review by the TF Chairman and the CIC Secretariat.</p> <p>After much discussion, It was remarked that the views of the HKFEMC on the issue of indices and worker's wage could be addressed at the next TF meeting. It might also be referred to the relevant committee (e.g. Committee on Sub-contracting) if appropriate.</p>
1.8	CIC/PCM/P/006/12	<p>Nomination of Co-opted Members for the Committee on Procurement 2012-2014</p> <p>The proposed list of Co-opted Members of the Com-PCM had been circulated to Members on 21 March 2012. As no objection had been received from the Com-PCM Members by the target date of 26 March 2012, the CIC Secretariat had sent out invitations to the respective organisations / associations for nominations. (See Annex A)</p>
1.9	CIC/PCM/P/007/12	<p>Sharing of Electronic Tendering Experience and Practices by MTRCL</p> <p>Representative of the MTRCL shared MTRCL's electronic tendering (e-Tendering) experience and practices. Members were briefed on the background of the system, the benefits and key challenges</p>

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		of adopting the e-Tendering System, as well as the system's recent enhancements.
1.10	CIC/PCM/P/008/12	Sharing of Electronic Tendering Experience by CLP Representative of the CLP shared CLP's experience and practices on e-Tendering. Members were briefly introduced of the CLP's procurement process, the overview as well as the benefits for using the e-Tendering system. The success factors and the way CLP overcame and mitigated some issues in relation to the use of the system were also shared.
1.11	CIC/PCM/P/009/12	Year Plan 2012 – 2013 Com-PCM Members noted and confirmed the year plan.
1.12	AOB	Nil.

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Proposed Co-opted Members

A. Re-appointment

Mr. Steve GRIFFIN	Chairman of Task Force on Contract Price Fluctuation System
Mr. HO Sing-mo	Chairman of Task Force on NEC3 Collaborative Contracts
Dr. Andrew SIMPSON	Chairman of Task Force on Competition Law Development Bureau
Mr. Kelvin K.W. LO	
Mr. MOK Wah-hoi	Independent Commission Against Corruption

B. Nomination from Organisation

Hong Kong Housing Authority
Hong Kong Institute of Surveyors
Real Estate Developers Association of Hong Kong

C. Term of Office

- (i) As endorsed by the CIC in 2010, Co-opted Member holds office for a period not exceeding 2 years and is eligible for reappointment to the same committee on the expiry of his/her term of office, but may not serve as such a member continuously for more than 6 years.
- (ii) The term of office of the above Co-opted Members, if appointed, is up to 31 January 2014.