

Construction Industry Council

Committee on Procurement

Meeting No. 004/11 of the Committee on Procurement was held on Wednesday, 23 November 2011 at 2:00 pm at Board Room, 23/F, MTR Headquarters Building, Telford Plaza, Kowloon Bay, Kowloon, Hong Kong.

The following items have been discussed at the Com-PCM Meeting No. 004/11:

Agenda Item	Paper	Major Resolutions/ Progress Highlights
4.1	CIC/PCM/R/003/11	Confirmation of the Progress Report Members confirmed the Progress Report of Meeting No. 003/11 held on 7 September 2011.
4.2	CIC/PCM/R/003/11 CIC/PCM/P/022/11	Matters Arising from the Previous Meeting – <u>Item 3.2</u> Chairperson of Task Force (TF) on Contract Price Fluctuation System (CPFS) had collected views from TF Members on the potentiality of developing Guidelines on Interim Payment Schedule (IPS) / Milestone Payment (MS). Further details were discussed under agenda item 4.6 (b). <u>Item 3.7</u> Chairperson of TF-CPFS had collected views from TF Members to explore issues on risk sharing. Further details were discussed under agenda item 4.6 (a). <u>Item 3.9</u> Paper on Electronic Tendering had been prepared by the CIC Secretariat. Further details were discussed under agenda item 4.7.

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4.3	CIC/PCM/P/017/11	<p>Progress Report of Meeting No. 002/11 of the Task Force on Competition Law</p> <p>Views and concerns of TF Members would be discussed with consideration to the latest proposed amendments by the Government to the Competition Bill in upcoming TF Meeting scheduled on 29 November 2011. After that, the TF would prepare summary of views and concerns on the Competition Bills, and would submit them to the relevant Bills Committee of the LegCo after clearance by the Com-PCM.</p>
4.4	<p>CIC/PCM/P/018/11 CIC/PCM/P/019/11</p> <p>CIC/PCM/P/025/11</p>	<p>Progress Reports of Meeting No. 002/11 & Meeting No. 003/10 of the Task Force on NEC3 Collaborative Contracts</p> <p>(a) <u>Progress of the Task Force</u> Common pitfalls and solutions, and local experience in the application of NEC were shared by Members in previous TF Meetings. Further sharing of local and overseas experience would be continued in the upcoming TF Meeting scheduled on 6 December 2011.</p> <p>(b) <u>Technical Forum on NEC3 Collaborative Contracts 2012</u> Members were advised that Technical Forum on NEC3 Collaborative Contracts organised by the CIC and co-organised by the NEC Asia-Pacific Users' Group would be held on 7 March 2012. The main purpose of the Forum was to provide more information on NEC to the construction industry practitioners and share the practical experience in its application. The Forum would also serve as a platform for stakeholders to express their views and suggestions in the application of NEC3 collaborative contracts in the local construction industry. Members supported the organisation of the Forum.</p> <p>(c) <u>Letter from the Hong Kong Federation of Electrical and Mechanical Contractors Limited (HKFEMC)</u> Members generally supported HKFEMC's initiative to join the TF in view of their active participation and possible contributions which would be beneficial to the work of the TF. (Post Meeting Note: Invitation letter to HKFEMC for the nomination of representative was</p>

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		issued on 25 November 2011.)
4.5	CIC/PCM/P/020/11	<p>Progress Report of Meeting No. 001/11 of the Task Force on the Selection of Consultants and Contractors</p> <p>(a) <u>Progress of the Task Force</u> Drafting of Guidelines on the Selection of Consultants was in progress. As the document was a preliminary draft, substantial edition and comprehensive review by the TG and TF would be required before submitting it to the Com-PCM for comment.</p> <p>(b) <u>Categorisation of the document</u></p> <p>(i) The TF would like to seek the directive on either issuing the document as a “Guidelines” in accordance to the Terms of Reference or as a “Reference Document” in view of different concerns of the Members of TF and TG on the categorisation of document.</p> <p>(ii) Categorisation of documents issued by the CIC was currently under review and it would be further discussed in the upcoming Strategic Planning Steering Committee scheduled at the end of November 2011. It was anticipated that the re-categorisation exercise might resolve the situation encountered by the TF and TG.</p>
4.6	<p>Verbal Report</p> <p>CIC/PCM/P/021/11</p>	<p>Report of the Task Force on Contract Price Fluctuation System</p> <p>(a) <u>Progress of the Task Force</u> The Guidelines on Contract Price Fluctuation System was approved by the Council in its meeting held on 28 October 2011. The translation of Guidelines to Chinese version was in progress. A seminar would be held in March 2012 for the promotion of the Guidelines.</p> <p>(b) <u>Production of Guidelines on “Interim Payment Schedules and Milestone Payment Procedures”</u> Chairperson of TF-CPFS reported that the TF Members generally not supported to draft Guidelines on it in view of the well functioning of various payment schemes in place across the industry and the lack of consensus among different interest groups. As there was a lack of</p>

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	CIC/PCM/P/021/11	<p>appetite on this topic, Com-PCM Members agreed to drop it.</p> <p>(c) <u>Consideration to explore “Issues on Risk Sharing”</u></p> <p>(i) Chairperson of TF-CPFS reported that majority of the TF Members were interested to explore the issues on risk sharing. Members suggested narrowing down the topics to one or two areas for further review and investigation by the TF.</p> <p>(ii) Since the exploration of issues on risk sharing might fall outside the Terms of Reference (ToR) of the TF and the current TF Members might not have expertise in those areas, the CIC Secretariat would draft the revised ToR and Membership list as appropriate, and circulate them for Com-PCM Members’ comment afterwards.</p>
4.7	CIC/PCM/P/022/11	<p>Electronic Tendering</p> <p>Members were briefed on the electronic tendering systems of DEVB, CLP and MTRCL. With a view to help the industry to understand and adopt electronic tendering, Com-PCM suggested to form a group on electronic tendering to produce guidelines or factsheet to guide the industry. Initially, CLP and MTRCL were requested to share their electronic tendering experience and practices, and report such in next Com-PCM meeting.</p>
4.8	CIC/PCM/P/023/11	<p>Year Plan for 2011/2012 – Progress Review</p> <p>Com-PCM Members noted and confirmed the year plan.</p>
4.9	CIC/PCM/P/024/11	<p>Meeting Schedule for 2012</p> <p>Com-PCM Members took note of the meeting schedule.</p>

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4.10	AOB	<p>(a) <u>Various CIC matters from the Council</u> Chairman shared the three commitments of the Secretary for Development, Mrs. Carrie LAM, on promoting a caring, harmonious and progressive culture in Hong Kong's construction industry, and suggested areas which the Com-PCM should take lead to help the construction industry, including ensuring security of payment along the supply chain of the industry and promoting collaborative approach in the industry.</p> <p>(b) <u>Procurement Factsheet</u></p> <p>(i) The possible production of procurement factsheet was discussed. The factsheet(s) would stipulate good approach / practice agreed by the Com-PCM to provide quick reference or information to the industry stakeholders.</p> <p>(ii) The CIC Secretariat would investigate the feasibility and details of uploading the factsheet(s) to the CIC website for the sharing with industry stakeholders. Members also suggested that it would be better to gather information on several topics before formal launching.</p>